



 Take Command

ICHRA Playbook for Brokers & Benefits Consultants

What keeps your clients up at night?

In a tight job market (and often operating under tight budgets), some of your clients are likely up against larger companies with more competitive compensation packages and it's difficult to recruit and retain talent. Thanks to a new tax-advantaged benefits model called a health reimbursement arrangement (HRA for short), employers can offer their teams quality health benefits without taking on the risk, the unpredictable cost hikes, and participation woes of group plans. These HRAs come in two different flavors; the Individual Coverage HRA (ICHRA) and the Qualified Small Employer HRA (QSEHRA). We will cover ICHRA in this playbook but will fill you in on both types.

As their trusted benefits resource, you play a critical role in helping them determine if this benefits option would work for them. HRAs are just one tool that you can use to solve the benefits challenges of your clients. It's not for everyone, so we will walk you through the steps to take to see if it's a good fit.



“While HRAs are popular among small businesses, we’ve actually seen a 210% increase in ALEs (large employers over 50 FTEs) over last year, representing the fastest growing segment among our clients.”

Common business benefits pain points that HRAs can solve:

- I need to offer competitive benefits to attract and maintain top talent.
- I want an affordable benefits solution that can grow with my growing company.
- My company doesn't have the reserve to take on health care risk anymore.
- We struggle with participation rates on our group plan.
- I want to offer my employees health benefits but I don't have the capacity to manage it.
- I don't have flexibility to change my plan offering. Plus, my employees aren't happy with it.
- My budget continues to go up to cover the costs of renewal increases year after year.
- I want to help all my employees, including part-time staff and remote workers, with healthcare costs but I can't afford a group plan.
- My company is expanding outside one geographical area and our group plan doesn't work for out-of-state.

As a true partner, Take Command is here to help you help your clients take care of their employees with our end to end ICHRA solution.

What is an HRA?

Health reimbursement arrangements represent a new, more modern way for employers to provide employees with a health insurance benefit. Instead of stressing over large renewals each year or grappling with participation issues or keeping part-time or remote workers on a health plan, employers can now offer employees a tax-free allowance to purchase a plan of their choice.

While HRAs have been around for a while, there are two new kinds that you need to know about.

The **Individual Coverage Health Reimbursement Arrangement, or ICHRA (pronounced Ik-Ruh)**, is the newer version of HRA that launched in 2020 for employers of all sizes with no limits on annual allowance. It can be offered alongside a group plan and can be scaled by employee class, meaning different benefits can be offered to different types of employees (like full time or part time, hourly or salary) and can be further streamlined for family size and age. Employees participating in an affordable ICHRA plan aren't eligible for premium tax credits and must be enrolled in a qualified health plan.

The **Qualified Small Employer HRA (QSEHRA)** is designed for companies with less than 50 employees. It can't be offered alongside a group plan and is subject to annual allowance limits. Employers can vary allowance amounts by family size and age but not by employee class. Employees must have an ACA-compliant health plan to participate. If the QSEHRA is deemed affordable, the employee is ineligible for tax credits; If the QSEHRA is considered affordable, the employee is not eligible for tax credits. If it's considered unaffordable, tax credits are reduced dollar for dollar by the QSEHRA allowance if they choose to participate.

Why are HRAs great for employers?

For your clients already offering group plans, HRAs allow employers to effectively get out of the risk management game. For those new to benefits altogether, it's an affordable way to get started offering quality benefits to their team and it can scale as they grow.

A few other HRA benefits include:

- ✓ **Flexibility:** HRAs make sense for a diverse workforce; it's hard to find a plan that will work for all types of employees.
- ✓ **Cost control:** Group premium prices go up every year, HRA allowances are predictable and set.
- ✓ **No participation rates to worry about**
- ✓ **A boon for recruitment and retention**
- ✓ **Hassle-free:** There's no risk to manage, no health insurance decisions to make, no participation rates or premium hikes to worry about, no accounts to pre-fund, and a streamlined, simplified administrative experience.

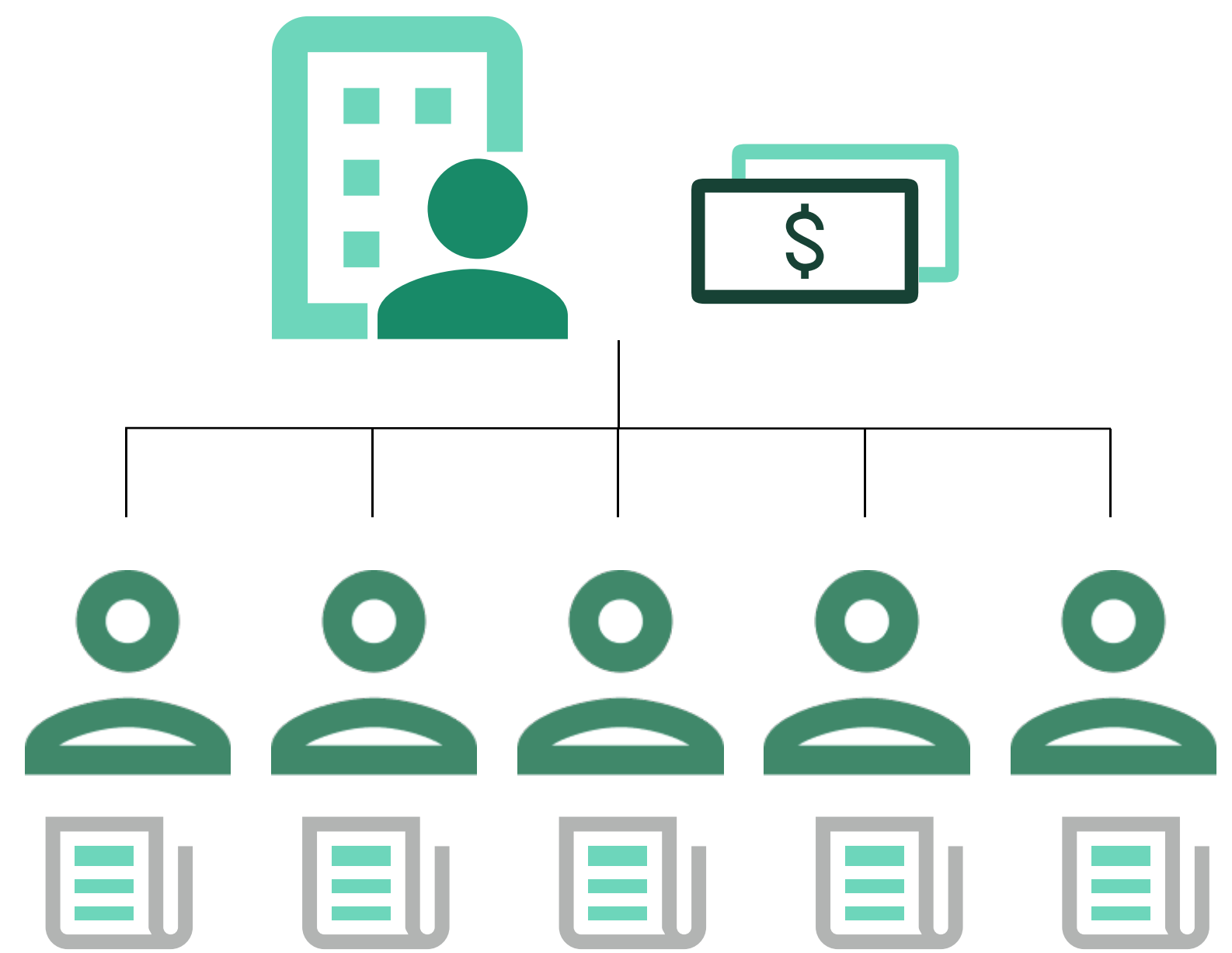
For the third year in a row, individual insurance market premiums have declined. In many geographies, individual health insurance premiums are lower or shoulder to shoulder with group plan rates, meaning your clients' benefits dollars can stretch further with an HRA.

How do HRAs work?

The way HRAs work is fairly simple. Business owners work with their broker or benefits consultant to determine a set budget for their employees to reimburse for health insurance and workers choose the plan that works best for them. Some employers also reimburse for medical expenses.

Employers then “design” their HRA. They can choose to divide up by class, or scale rates by family size and age (which is the most common). Employees buy their own individual health insurance plan and are reimbursed through their paycheck.

A software and service platform like Take Command works closely with brokers and benefits consultants as an end to end ICHRA solution. We also handle compliance, reporting, onboarding, and all of the heavy lifting. A dedicated enrollment team helps your clients' employees choose a plan that will work best for their unique health needs, their family, prescriptions and preferred doctors.



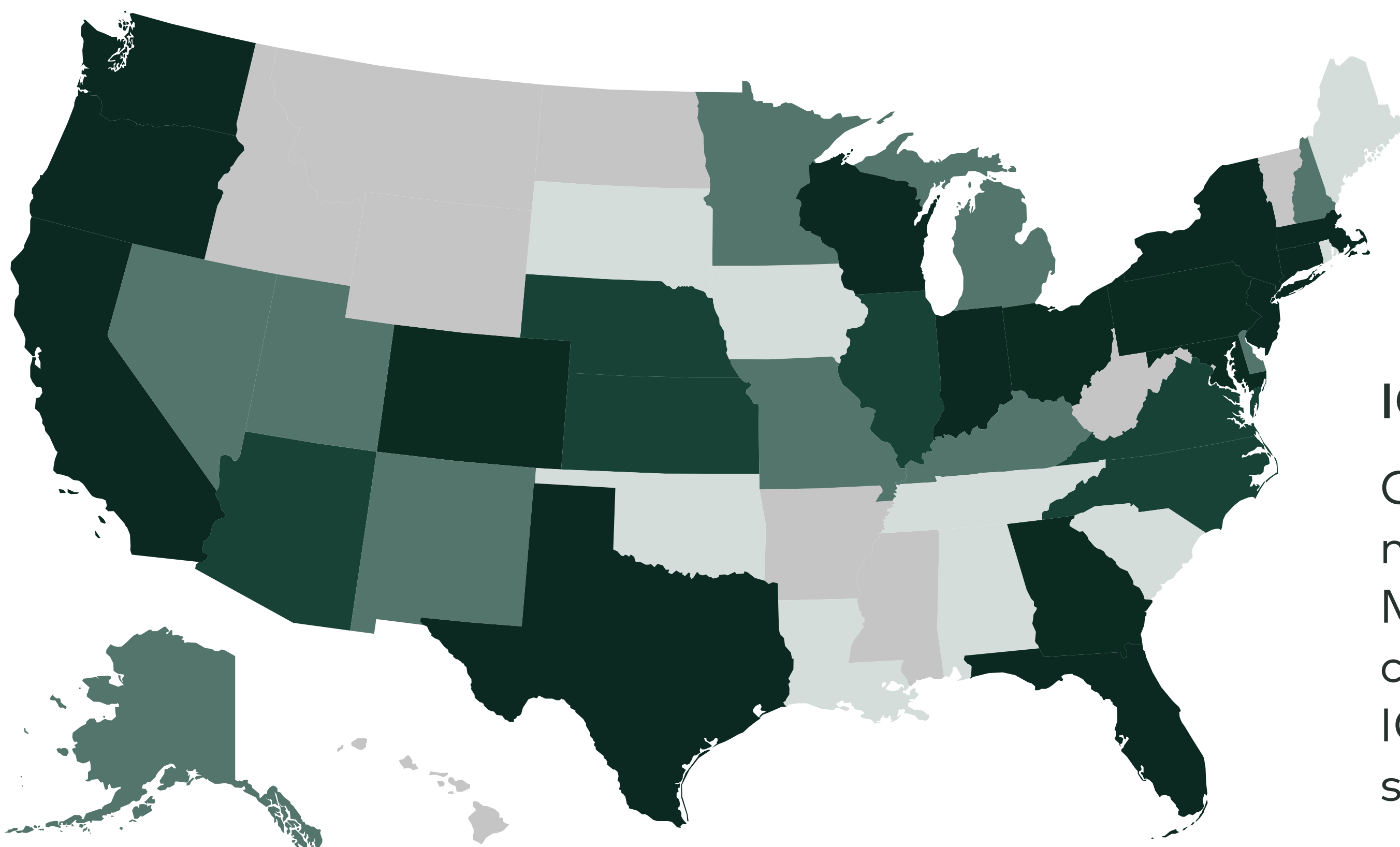
Which HRA is best for my business?

There are some fundamental differences in the way ICHRA and QSEHRA work. The principle characteristic of QSEHRA is that it's only for small employers under 50, it's subject to annual contribution limits, and it's slightly more flexible in the types of health plans it can work with. ICHRA, which is available to companies of any size, can be offered to different classes of employees and has no employer contribution limits.

Contact us at brokers@takecommandhealth.com and one of our HRA designers walk you through what each could look like and which one would be best for your business.

Who is offering this affordable benefits option?

While HRAs are widespread among industries and types of companies, our data shows a few trends in terms of who is adopting this new benefits trend:

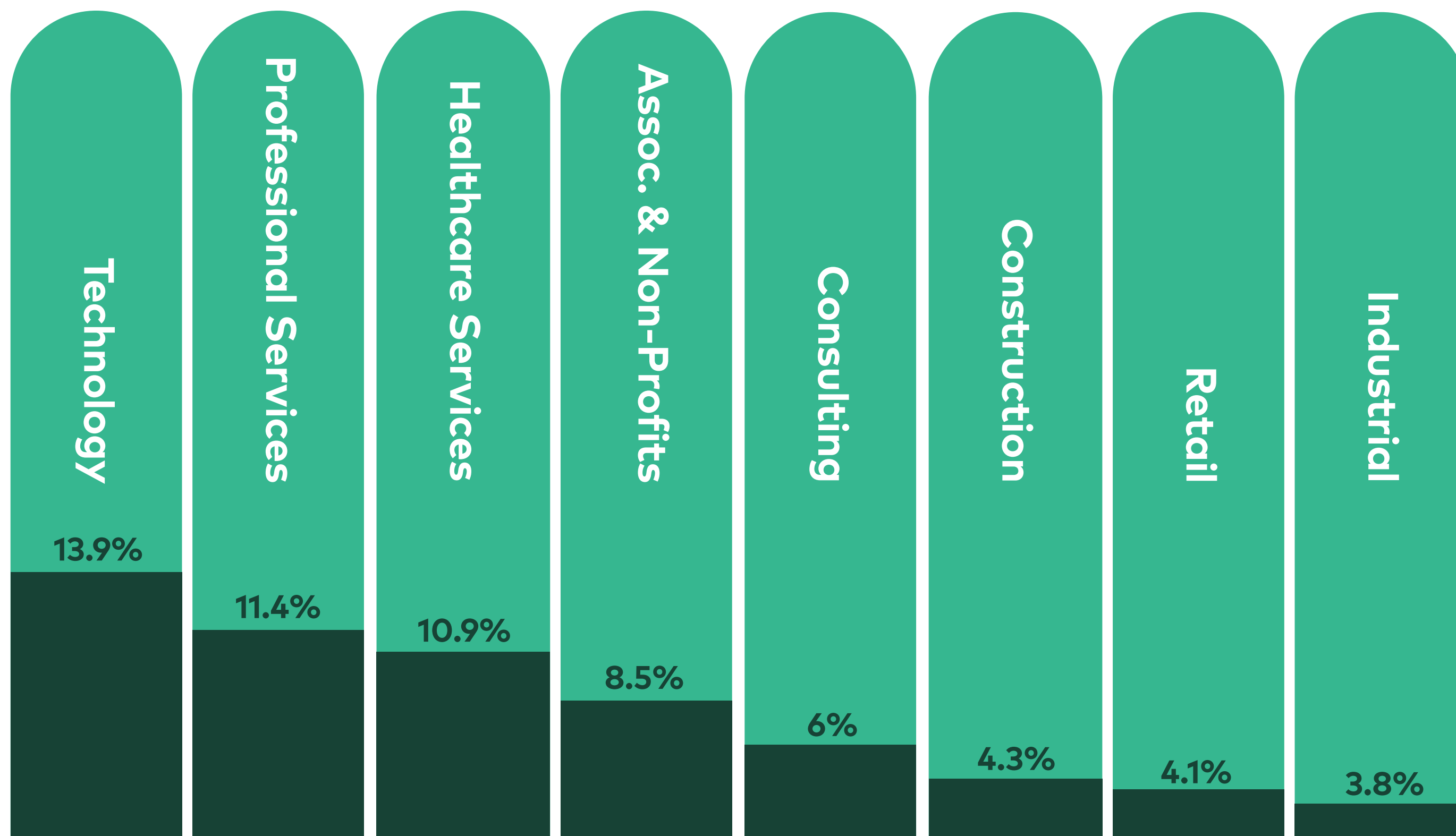


ICHRA HEAT MAP

Correlating with strong individual markets, California, Minnesota, Massachusetts and Colorado are clear front-runners but there are ICHRAs and QSEHRAs in every state.

INDUSTRY BREAKDOWN

Common industries include professional services, non-profits, religious institutions, tech companies, hospitality and blue-collar.



How does an HRA benefit employees?

HRAs are great for employees too! If they are coming over from a traditional group plan, they will welcome the options they have on the individual market. Many times, HRAs cover a higher percentage of their health insurance costs than their previous group costs (our research shows that our clients' HRAs cover 147% of lowest cost bronze plans and 122% of lowest cost silver plans compared to group plans that cover only 83% but sometimes as low as 50%).



Here are a few other reasons why employees love HRAs:

Choice:

Instead of choosing from a limited number of options, employees can choose any ACA-compliant plan on the market (about 75% of companies only offer one option under their group plan).

Portability:

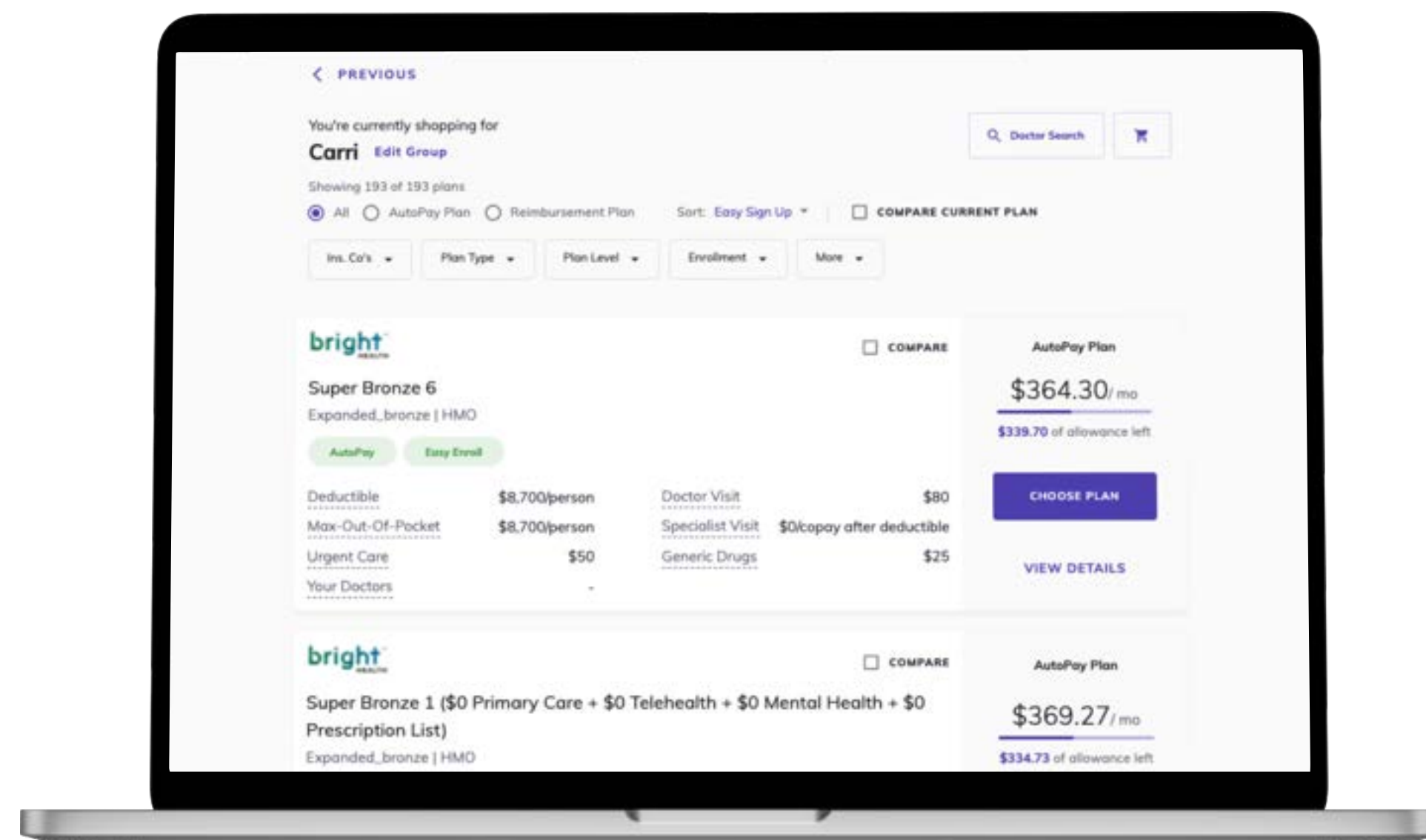
Individual plans are portable, meaning that if an employee changes jobs, they will keep their health plan instead of losing it.

Flexibility:

HRAs work great for employees that are hard to keep on a group plan, like part-time or remote workers.

What types of health plans would my clients' employees be able to choose from?

Employees will be able to choose from any ACA-compliant individual plan. This includes any plan listed on their state exchange or healthcare.gov but also dozens of off-exchange plans that Take Command makes available through our platform.



Remember, HRAs integrate with all ACA-compliant plans that include:

- No annual or lifetime limits on the dollar amount for coverage of essential health benefits
- Full coverage of preventative health services to be covered with no shared cost to the insured

HRAs integrate with the following types of health insurance:

- Major Medical health insurance offered on or off the exchange. These are major medical, ACA-compliant plans and are often referred to as metal tiers because their names include bronze, silver, or gold.
- Medicare Part A and B or Part C
- Catastrophic plans which are limited to those under age 30 or who qualify for a hardship exemption
- Student health insurance

Plans that **do not qualify** include Medicaid, TRICARE, short-term plans, indemnity plans, and preventative-only MEC plans. QSEHRA is the only HRA that allows reimbursement for spousal plan premiums, COBRA, and sharing plans (if accompanied by MEC).

How do I help my client get started setting up an HRA?

First, introduce the concept and determine a budget. How much do they want to spend per year? Second, help them decide what they want their reimbursement to cover.

- Insurance Premiums Only
- Insurance Premiums + Qualified Medical Expenses

The next step is designing an HRA. How should your client design their HRA to maximize its benefit? Here are a few of our most popular options:

- ✓ **Give all employees the same amount:** This one is easy. For example, you could give all employees \$200/mo.
- ✓ **Vary reimbursements by family size:** Since individual market plans cost more for families, employers can offer more for larger families. For example, an employer could offer \$200 for single employees, \$300 for married employees, and \$600 for employees with families. Or they could offer \$100 for each additional dependent.
- ✓ **Vary reimbursements by employee age:** Similarly, since individual plans typically cost more for older employees, employers can elect to offer higher reimbursement amounts to older employees. Reimbursements must be structured using a 1:3 ratio from the youngest to the oldest employee. We strongly recommend setting it using the age range from 21 to 64. For example, you could give a 21 year old \$100/mo and a 64 year old \$300/mo.
- ✓ **Vary by both family size and age:** Combo of the above options.

If you want to vary reimbursement rates by classes or types of employees, here are the high level guidelines. Remember, this is only possible with an ICHRA, not QSEHRA. You can offer different amounts to:

- Full-Time Employees
- Part-Time Employees
- Seasonal Employees
- Employees covered by a collective bargaining agreement
- Employees who have not satisfied a waiting period for coverage
- Salaried Employees
- Non-Salaried Employees
- Temporary employees of staffing firms
- Non-Resident aliens with no US-based income
- Employees in the same geographic rating area
- Any combination of two or more classes from above

Get started today

To evaluate whether an HRA might be a good fit for your client, submit an [HRA Design Request Form](#) or email our team at brokers@takecommandhealth.com.

We're here to help!

ICHRA 101 Webinar Sessions

These sessions are a great place to gain further insight on ICHRA, our services, and our partnership opportunities. Register for an upcoming session.

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Broker Onboarding Program

A self-guided video training series that covers everything from the ICHRA model, how commissions work for you, and how to become a partner.

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