



## **Smart Choices Healthcare** *Creative Employee Benefit Strategies*

[www.smartchoiceshealthcare.com](http://www.smartchoiceshealthcare.com)

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No two people are exactly alike, and certainly no two have the same health coverage needs. That's why one-size-fits-all employer-sponsored group health plans have become a costly and less effective solution for most of us.

With the new Individual Coverage HRA, businesses can now return health coverage choice to employees. Instead of the company trying to find the best health insurance fit for everyone — which is pretty much impossible to do — the ICHRA will reimburse employees for their purchase of an individual health coverage insurance policy that best fits them, as well as all IRS 213(d) allowed medical expenses.

It's all about having health insurance your way – the way that works best for your employees and your business.

### **Plan document required**

A written plan document is required to establish a new Individual Coverage HRA for employees. The plan document details the benefit amount and terms for each employee class; information about the company, its agent, and plan administrator; plan obligations; employee responsibilities, and so forth, along with various legal disclosures.

### **One simple solution**

We also provide free plan design consultations via phone or email to help you get it right.

# HEALTH INSURANCE YOUR WAY

## **Advantages for employers**

- No employer-sponsored traditional group health plan;
- Available to employee groups of any size;
- No minimum or maximum limit on how much an employer provides;
- Broad latitude for defining employee groups and benefit levels;
- Works with HSAs and health FSAs for additional tax savings.

## **Advantages for employees**

- Choose individual health coverage based on need and budget;
- Tax-free reimbursement for qualifying health insurance premium up to benefit limit;
- Keep the same health insurance when you change jobs;
- Opportunity to opt-out of coverage at least once per year.

*The ICHRA is available to employers for plan years beginning January 1, 2020, with the required Written Notice to Employees distributed at least 90 days prior to the start of the plan year.*



### *The most flexible HRA plan*

## Health Insurance YOUR WAY

The versatility of the ICHRA owes to its many options.

### Reimburse premiums & more

Employers may opt to reimburse employees for all IRS 213(d) allowed medical expenses (outlined or summarized in IRS Publication 502 ) in addition to the individual health insurance premium.

### Works with HDHP policies

Offer an option for employees buying a lower-premium high-deductible health plans (compatible with Health Savings Accounts) while those purchasing a standard individual health coverage retain full ICHRA reimbursements.

### Grandfather GHP for current employees

Provide the ICHRA to new hires while current employees continue under the existing employer-sponsored group health plan.

### Allows varying benefit amounts

Set a higher funding level for participants with more dependents or for older employees with higher premiums.

### Tax-free reimbursement

Reimbursements for individual coverage premiums and other eligible medical expenses are tax-free to the employee.

### More tax savings

Employers can improve tax savings with an existing or new Section 125 cafeteria plan for employees' making contributions to a Health FSA, HSA, or balance of premium payments.

## Here's how it works

1. A company sets up a new Individual Coverage HRA with a written plan document.
2. Copies of required notices and forms are given to every employee eligible to participate in the plan no later than 90 days prior to the first day of the plan year.
3. Employee participants purchase their choice of individual health insurance coverage on the open market or a health care exchange.
4. The employer reimburses employees for the monthly individual health insurance premium upon receipt of a claim form with proof of premium payment and the Initial Substantiation of Coverage form.
5. This reimbursement process repeats every month the employee pays the premium for the individual health coverage policy of their choice.