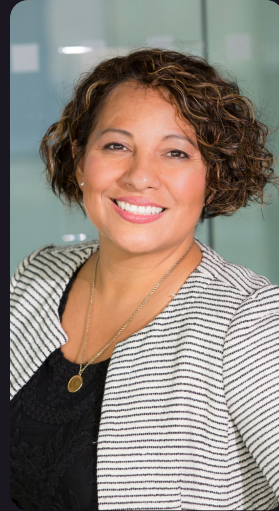




# Unmasking ICHRAs: The Ins and Outs of Building a Successful HRA Strategy

September 24, 2024



# Agenda.

3-12

How we got here

13-16

The role of the broker

17-24

Making ICHRA work for you and your clients

25-29

ICHRA strategies

30

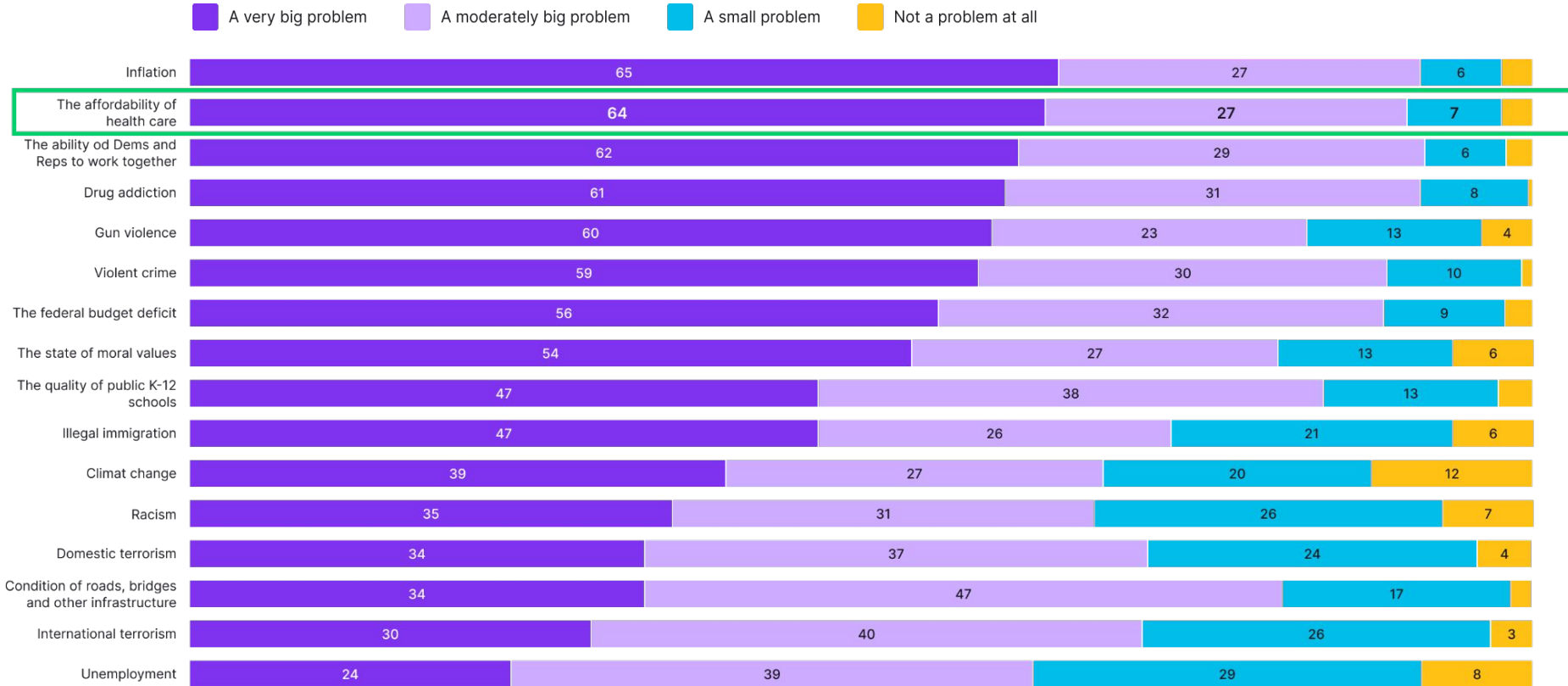
Q&A

31

Conclusion

**How we got here**

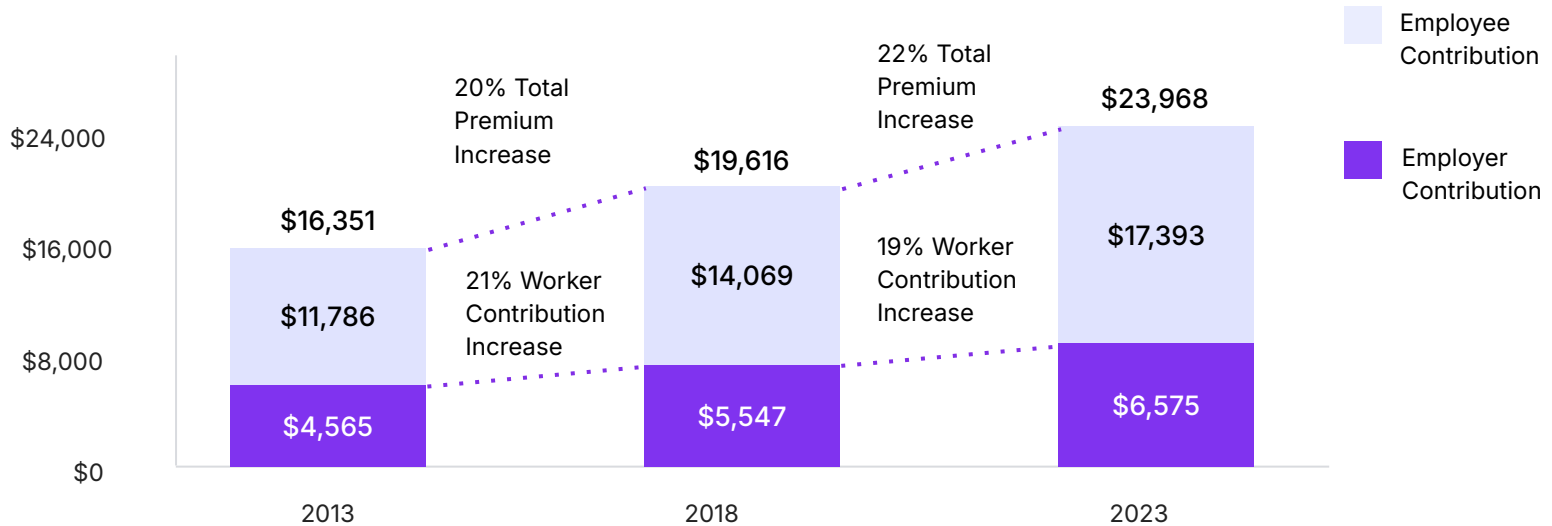
# It's no secret the U.S. has a healthcare affordability crisis



Source: Survey of US adults conducted June 5-11, 2023, PEW Research center

# Current insurance design is only making it worse

Average annual worker and employer premium contributions for family coverage, 2013, 2018 and 2023



# The status quo is affecting your clients



## For employers



Expensive & unpredictable



Inflexible



High administrative and overhead costs

## For employees



Generic / one size fits all



No autonomy in carrier selection



Impossible to predict annual healthcare increases



Definition: Individual Coverage Health Reimbursement Arrangement

Purpose: Provide any size employer with a way to give a tax free reimbursement to employees who enroll in qualified ACA plans

History: First offered in January of 2020 as an expansion of the QSEHRA (Qualified Small Employer HRA) rules established in 2017

What Changed from QSEHRA:

- Removed limits on reimbursement amounts allowed to employees
- Created more classes of employees
- Eliminated the cap on size of company who can offer - it now works for an ALE (QSEHRA limit was 49 FTE)

# Comparing **ICHRA** to traditional group plans

	Traditional Group Plan	ICHRA
<b>Contribution</b>	Defined benefit	Defined contribution
<b>Participation requirement</b>	60% or more	None
<b>Tax benefits</b>	Pre-tax	Pre-tax
<b>Choice</b>	Employer selects plan	Employee selects plan
<b>Typical number of plan options</b>	1-3	50-100
<b>Budget</b>	Subject to annual increases (fully insured) or high claims (self-funded)	Determined by the employer
<b>Ownership</b>	Owned by employer (coverage ends when employee terms)	Owned by employee (fully portable)
<b>Risk pool</b>	Employees and their families	All On and Off Exchange participants
<b>Classing options</b>	N/A	11

# How ICHRA works



## For employers



No more group plans with a single carrier and limited plan options



Fixed budget with a predictable spend



No risk of large renewals based on a bad experience rating

## For employees



Right size coverage by picking their own plan design and carrier

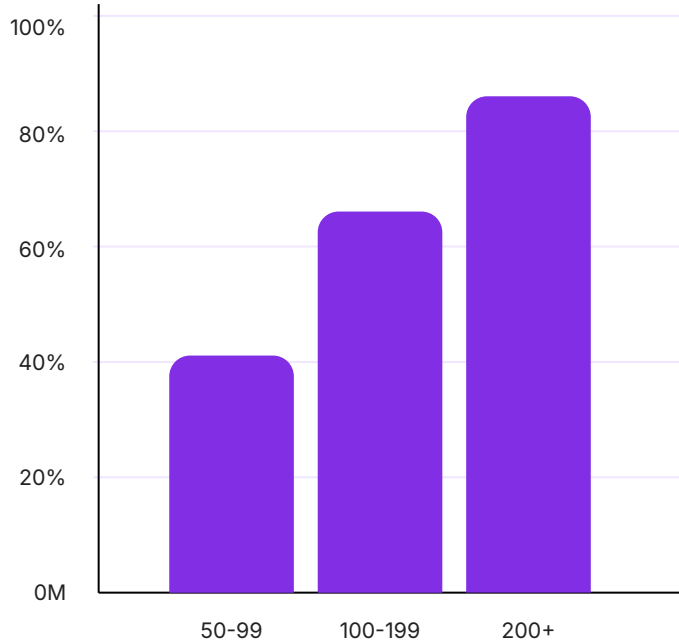


Portable plans that employees own and can take with them when they leave

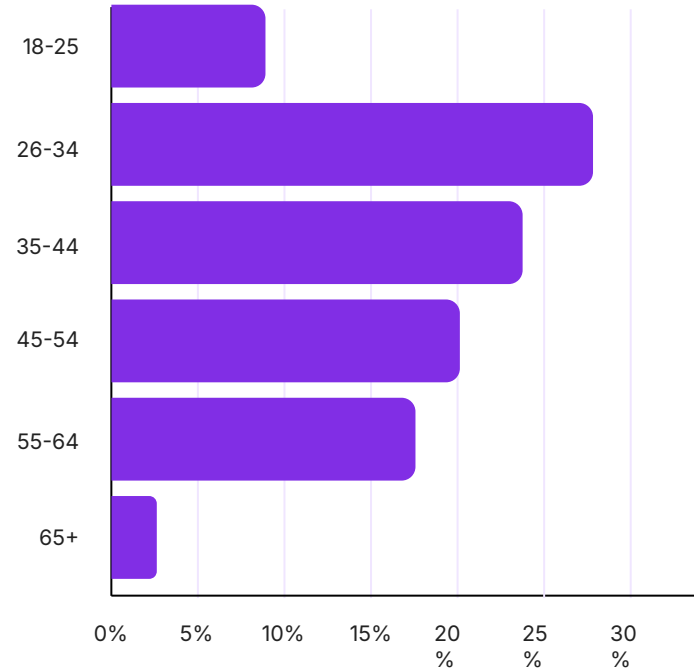


Support from employer and Advanced Premium Tax Credits (now that the Family Glitch has been fixed)

# ICHRA is growing across all demographics



Growth rates(%) among large employers 2024



Age cohorts of ICHRA/QSEHRA enrollees 2024

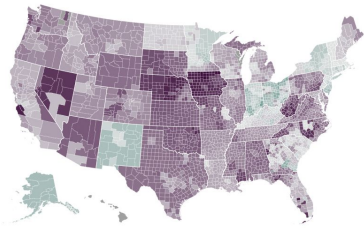


# And has quickly become a solution of choice thanks to marketplace/ACA adoption and expansion

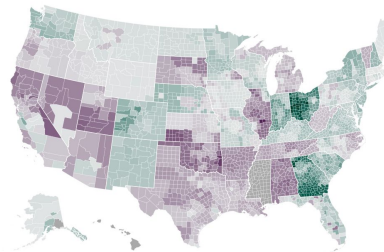
Difference between the lowest cost bronze plans on the individual and small group ACA markets by county

Difference Between the Lowest Cost Bronze Plans on the Individual and Small Group ACA Markets by County, 2024:

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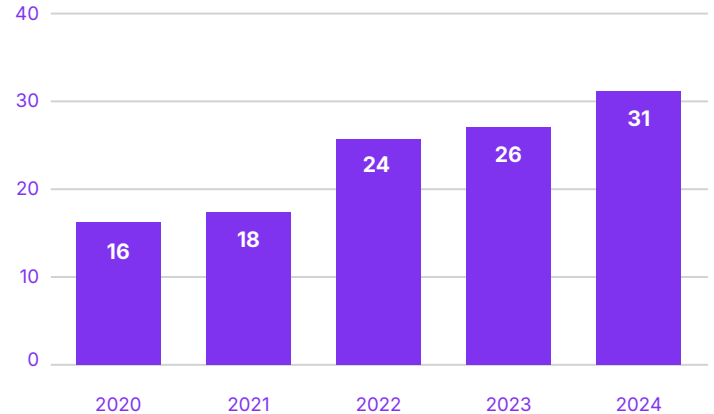


2019



2024

Marketplace friendly states



# **The role of the broker**

Polling Question

Where are you on your **ICHRA** journey?

Your role at the  
center of  
**ICHRA**



Making your  
mark with  
**ICHRA**

1

Strategic advisory

2

Employee education

3

Ancillaries/supplementals

# **Making ICHRA works for you and your clients**

# Identifying when ICHRA makes sense



Cost containment/  
control



Increase/decrease  
participation



Employee  
recruitment/retention



Eliminate  
administrative layers



Multi-state  
support

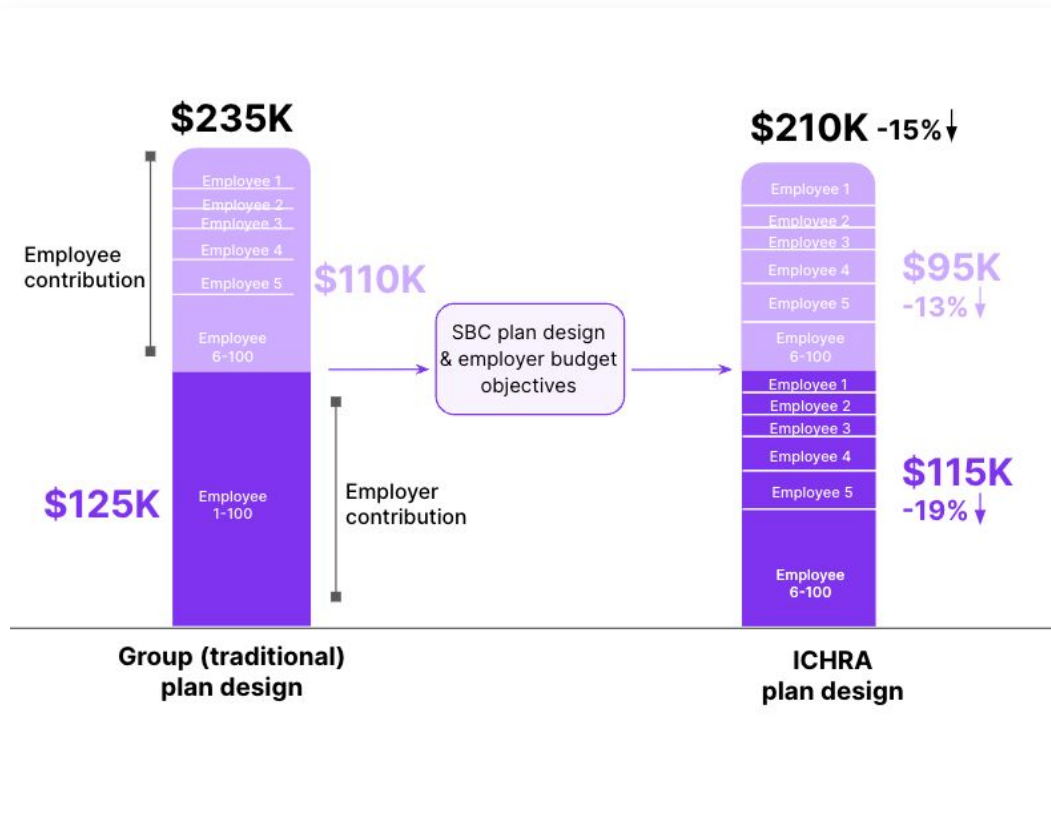


Exit the risk  
business

# Run the numbers



- Analyze current vs. projected costs
  - o Typical savings >20%
- Explore strategic objectives against different scenarios
  - o Larger savings
  - o Richer plans
  - o Increased/decreased enrollment
- Compare metal levels and ensure compliance



# Determining how to allocate funds (aka. allowance model)

## 11 Classes

- 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
- Non-resident aliens with no US-based income
- Employees whose primary site of employment is in the same rating area
- Salaried Employees
- Non-Salaried Employees
- Temporary employees of a staffing firm
- A combination of two or more of the approved classes

### Set your contribution

Select from the preset setups or adjust contributions for balance

Recommended Industry Current Compliant Generous

Classes:

None By employment By wage

Contribution:

Employee Spouse Child

61 55 55

Adjust by state  Advanced family tiering

Company budget: \$26.8K (11% savings)

Current Zorro

Total: \$4.2K Total: \$43.9K

\$30.1K \$24.1K

\$26.8K \$17.1K

↓ -11% ↓ -29%

Premium Premium

Employee Employer

Create Plan Design

# Navigating change management



## Communicate

- Transparency around benefits and challenges
- Consistent communication stream of emails/meetings
- Mandatory details:
  - Reimbursement amounts
  - Instructions for how to select coverage
  - Your ICHRA start date and enrollment deadlines

## Educate

- Understanding ICHRA
- Understanding health insurance coverage

## Support

- Strong broker and provider support is a key part of managing change
- Tools to assist in customized plan selection
- Knowledgeable enrollment team

# Preparing for onboarding & enrollment



**65%**

**of employees value  
choosing their own  
benefits**

## **The drive towards customization:**

- Provider & medication needs
- Financial & risk preferences
- Care level needs
- Familial preferences

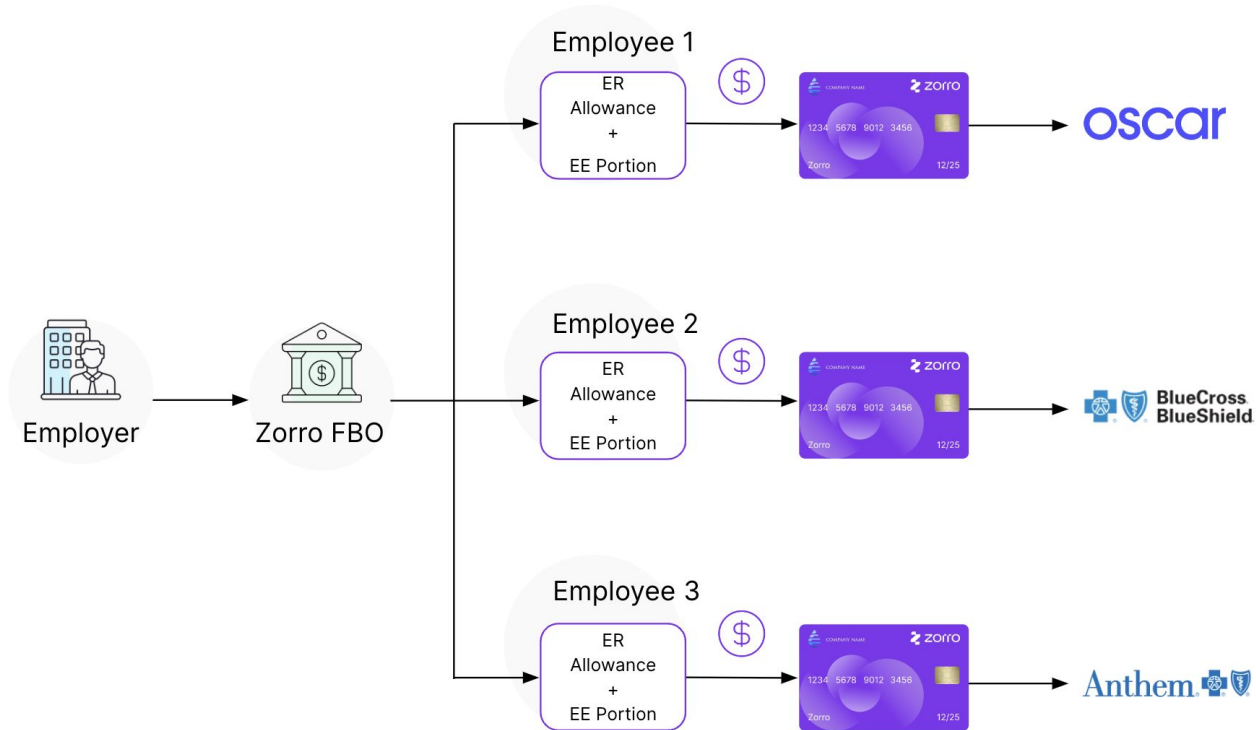
Administering a  
successful plan

**The  
importance of  
data accuracy  
and reporting**

- Payroll reporting
- Compliance (plan docs, 1094/1095s)
- Company spend
- Employee transactions
- Transaction alerts
- Next month premiums



# Administering a successful plan: The "R" of ICHRA



# ICHRA strategies

Designing a  
**valuable  
offering**

- 1 The unaffordable ICHRA as a strategy
- 2 Exploring the family glitch as a tool
- 3 Leveraging different classes

Polling Question

**What is your biggest barrier to  
selling ICHRA?**

# Prepare for common client objections



## Misconception:

## Fact:

Healthcare is too complicated... employees won't be able to find a plan on their own.



People buy their own car, life, and home insurance because they know their unique needs best.

People will just buy cheap Bronze plans and have catastrophic coverage.



2023 employee plan choices included:  
Platinum - **4%**, Gold - **33%**, Silver - **28%**, Bronze - **35%**

I won't be able to recruit great talent if I offer an ICHRA plan.



ICHRA can actually be a recruiting tool! Employees are drawn to customization and portability. Plus, you can apply employer savings to other benefits (salary, supplemental, etc.)

There's no way my employees can pay their own premium and wait for me to reimburse them.



They no longer have to! Tech forward platforms like Zorro include payment solutions that eliminate the need for reimbursements.

ICHRA is only a good fit for small employers.



From 2022 to 2023, there was a 171% uptick amongst applicable large employers.

**Questions?**



# Thank you!

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