

BRIGHTADVISOR®

ICHRA Employee Education Kit

Understanding Your Individual Coverage Health Reimbursement Arrangement
Benefits

Your ICHRA Benefit: What You Need to Know

Your employer is offering you an Individual Coverage Health Reimbursement Arrangement (ICHRA). This is a tax-free benefit that helps you pay for your own health insurance plan. Instead of one group plan for everyone, ICHRA lets you choose the health insurance plan that works best for you and your family while your employer helps pay for it.

With ICHRA, you get to pick the health insurance plan that fits your needs, your preferred doctors, and your budget. Your employer contributes a set dollar amount each month to help cover the cost, and that money comes to you tax-free.

How ICHRA Is Different from a Traditional Group Plan

Feature	Traditional Group Plan	ICHRA
Who picks the plan?	Your employer selects 1-3 options	You choose any qualifying plan you want
Doctor network	Limited to plans employer selected	You pick a plan with your preferred doctors
Coverage for your family	Same plan for everyone	Choose a plan that fits your family needs
How employer pays	Employer pays insurer directly	Employer reimburses you tax-free
Portability	Coverage ends with employment	Your individual plan stays with you if you change jobs
Flexibility	One-size-fits-all	Personalized to your health needs and budget

Key Tax Advantages

- Employer contributions to your ICHRA are not counted as taxable income
- Reimbursements you receive for eligible expenses are tax-free
- You may be able to deduct any out-of-pocket premium costs above your ICHRA amount on your taxes

- If you enroll in an HSA-eligible plan, you can still contribute to an HSA for expenses ICHRA does not cover

If you accept your ICHRA benefit, you generally cannot also receive premium tax credits from the Health Insurance Marketplace. However, if your ICHRA offer is not considered affordable, you may opt out and keep your marketplace subsidies. Review your options carefully during enrollment.

Shopping for Your Health Insurance

With ICHRA, you have the freedom to shop for your own health insurance plan. This can feel overwhelming at first, but the process is straightforward once you understand your options.

Where to Shop

Option	Description	Best For
Healthcare.gov Marketplace	Federal marketplace with standardized plans by metal tier (Bronze, Silver, Gold, Platinum)	Easy comparison shopping; familiar to many consumers
State marketplace (if applicable)	Some states run their own marketplaces with additional plan options	Residents of states with their own exchanges
Off-marketplace (private)	Buy directly from insurance companies or through brokers	More plan options; may find preferred providers not on marketplace
Medicare (age 65+)	ICHRA can reimburse Medicare premiums and out-of-pocket costs	Medicare-eligible employees

How to Choose the Right Plan

1. Check if your current doctors are in-network: Look up your preferred physicians, specialists, and hospital on the plan provider directory before enrolling
2. Review prescription coverage: Make sure your current medications are on the plan formulary and check what tier they fall under for cost purposes
3. Compare total annual cost, not just monthly premium: Add up premiums, deductible, and expected copays/coinsurance based on your typical healthcare usage
- 4.

Understand the metal tiers: Bronze = lowest premium, highest out-of-pocket; Platinum = highest premium, lowest out-of-pocket; Silver and Gold fall in between

5. Factor in your ICHRA contribution: Subtract your employer ICHRA amount from the monthly premium to calculate your true out-of-pocket premium cost
6. Consider an HSA-eligible plan: If you are generally healthy, a high-deductible plan with HSA can provide additional tax savings for future medical costs

Do not choose a plan based solely on the lowest premium. A plan with a slightly higher premium but lower deductible and copays may save you money overall if you use healthcare regularly. Consider your total expected annual cost.

Getting Reimbursed Through ICHRA

Once you are enrolled in a qualifying health plan and your ICHRA is active, getting reimbursed is simple. Follow these steps each month or as you incur eligible expenses.

Reimbursement Process

1. Provide proof of your individual health coverage to your ICHRA administrator (typically once at enrollment)
2. Pay your health insurance premium as billed by your insurance company
3. Log in to the ICHRA administrator portal or app and submit your premium receipt
4. For other eligible medical expenses, submit receipts or Explanation of Benefits (EOB) documents
5. The administrator reviews and approves your submission (usually within 3-5 business days)
6. Approved reimbursement is deposited into your bank account or added to your paycheck

What Expenses Are Eligible for Reimbursement?

- Individual health insurance premiums (your primary eligible expense)
- Medicare premiums (Part A, B, C, D, and Medigap)
- Dental and vision premiums (if your employer includes these in the ICHRA plan)
- Medical copays, deductibles, and coinsurance (if allowed by your ICHRA plan design)
- Prescription medications
- Lab work, X-rays, and diagnostic testing
- Mental health and counseling services

Common Employee Questions

Question	Answer
What if my premium costs more than my ICHRA?	You pay the difference out of pocket. Your employer contribution is a set amount.
What if my premium costs less than my ICHRA?	Unused amounts may roll over month-to-month (plan dependent) or be used for other eligible expenses.
Can my spouse and dependents be covered?	Yes. You can choose a family plan, and ICHRA can reimburse the full premium if your employer contribution allows.
What if I leave my job?	Your individual insurance plan stays with you. You just lose the employer reimbursement.
Can I opt out of ICHRA?	Yes. You may decline ICHRA and purchase coverage on your own, potentially with marketplace subsidies.
Do I need to submit receipts every month?	For premiums, many administrators set up automatic reimbursement. Other expenses require receipt submission.

BrightWealth® provides dedicated support to help employees navigate their ICHRA benefits, including plan selection guidance, enrollment assistance, and ongoing reimbursement support. If you have questions about your ICHRA benefit, contact your HR team or reach out to us directly.