



ICHRA Industry Guide

Flexible, Compliant Health Benefits for the Modern Workforce

Ameriflex®

Introduction to ICHRA

An Individual Coverage Health Reimbursement Arrangement (ICHRA) allows employers to reimburse employees, tax-free, for individual health insurance premiums and eligible medical expenses.

Instead of sponsoring a traditional group health plan, employers define a monthly contribution, and employees choose the coverage that works best for them.

Why Employers Are Reconsidering Traditional Health Plans

Across industries, employers are facing the same challenges:

- Rising and unpredictable healthcare costs
- Workforce models that are no longer one-size-fits-all
- Administrative complexity tied to group plans and renewals
- Growing employee expectations for choice and flexibility

What Makes ICHRA Different

- Works for employers of any size
- Allows benefit design by employee class
- No participation requirements
- Supports remote, hybrid, and multi-state teams
- Shifts control back to both employer and employee

The Ameriflex Approach

Ameriflex delivers ICHRA solutions that are simple to manage, fully compliant, and built to support both brokers and employers at every stage.

ICHRA Market Trends & Growth

The Health Benefits Landscape Is Evolving Fast

ICHRA by the Numbers:

26%



26% of small employers are evaluating ICHRA as an alternative (KFF, 2023)



60% of employers cite flexibility as their top reason for adoption (SHRM, 2023)



\$11,000 average savings per employee vs. traditional group plans (Milliman, 2023)

What's Driving Growth?

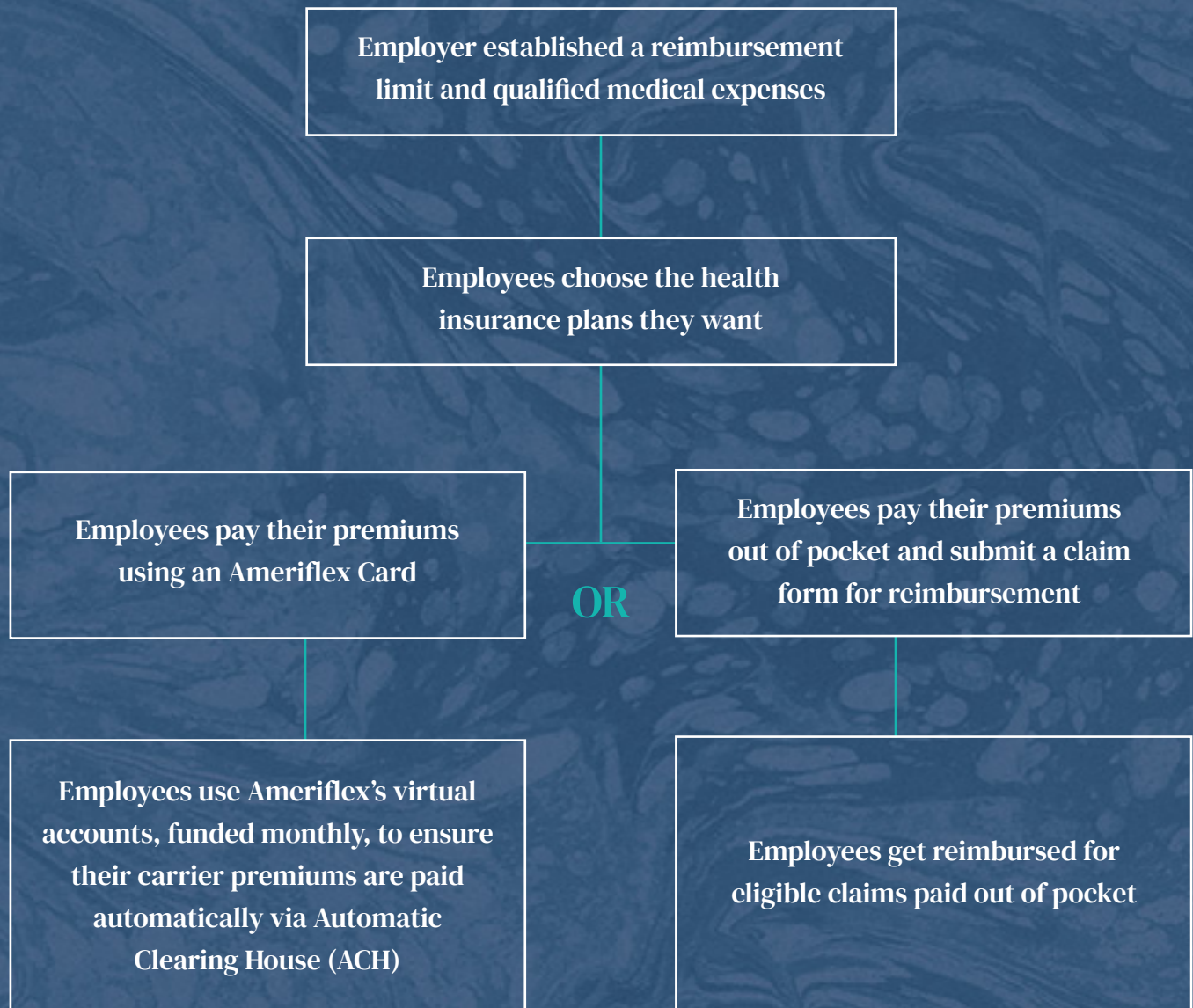
Remote Work: Supports nationwide teams

Cost Control: Predictable employer contributions

Customization: Employee-first, consumer-driven care

Compliance: Removes group plan complexities

How ICHRA Works



Industry Use Cases: Large Organizations

Key Challenges

- Managing rising healthcare costs across large populations
- Inconsistent benefits across locations and employee groups
- Heavy administrative burden tied to group plans
- Limited flexibility for a diverse workforce

Why This Matters

As organizations scale, traditional plans become harder to manage and less effective.

How ICHRA Helps

- Predictable, controlled benefit spend
- Consistent strategy across multiple locations
- Flexible plan design by employee class
- Reduced administrative complexity

Industry Use Cases: Small Businesses

Key Challenges

- High cost of traditional group coverage
- Limited leverage with insurance carriers
- Difficulty competing with larger employers
- Limited internal resources to manage benefits

Why This Matters

Many small employers want to offer benefits but feel priced out or overwhelmed.

How ICHRA Helps

- Affordable entry point to offering health benefits
- Fixed monthly contributions for cost control
- Simplified administration
- Competitive, flexible offerings for employees

Industry Use Cases: Cannabis Industry & Marijuana Dispensaries

Key Challenges

- Limited access to traditional insurance carriers
- Complex regulatory environment
- Multi-state compliance concerns
- Difficulty attracting and retaining talent

Why This Matters

Benefits are critical for legitimacy, growth, and retention in a competitive market.

How ICHRA Helps

- Bypasses traditional carrier limitations
- Supports compliance across state lines
- Provides tax-advantaged benefits
- Strengthens recruitment and retention

Industry Use Cases: Tech Startups

Key Challenges

- Rapid growth and changing workforce size
- Remote and distributed teams
- Need to offer competitive, modern benefits
- Budget constraints and cash flow concerns

Why This Matters

Benefits need to scale with the company, not slow it down.

How ICHRA Helps

- Scales alongside hiring
- Supports remote teams seamlessly
- Offers personalized employee choice
- Eliminates long-term carrier constraints

Industry Use Cases: Construction & Skilled Trades

Key Challenges

- Project-based and seasonal workforce
- Employees spread across regions
- Retention challenges in a competitive labor market
- Difficulty managing participation requirements

Why This Matters

Benefits must match the reality of how this workforce operates.

How ICHRA Helps

- Flexible coverage for variable staffing
- No participation requirements
- Location-friendly plan options
- Improved recruitment and retention

Industry Use Cases: Healthcare

Key Challenges

- High turnover in certain roles
- Mix of full-time, part-time, and contract workers
- Multi-location operations
- Pressure to control costs while maintaining strong benefits

Why This Matters

Retention and workforce stability are directly tied to benefits.

How ICHRA Helps

- Flexible coverage across employment types
- Portable benefits that support retention
- Scalable for multi-state organizations
- Cost control without reducing value

Industry Use Cases: Hospitality

Key Challenges

- High turnover and seasonal staffing
- Large part-time workforce
- Tight operating margins
- Administrative complexity with fluctuating staff

Why This Matters

Traditional plans often don't align with this workforce model.

How ICHRA Helps

- Pay-as-you-go cost structure
- Flexible eligibility for all employee types
- Simplified administration
- Accessible benefits that improve retention

Industry Use Cases: Retail

Key Challenges

- Variable staffing levels across locations
- High percentage of part-time employees
- Administrative burden of managing group plans
- Need for consistent benefits across locations

Why This Matters

Retail employers need flexibility without sacrificing consistency.

How ICHRA Helps

- Standardized contributions with employee choice
- Flexible support for part-time and seasonal staff
- Simplified benefits management
- Improved retention across locations

Industry Use Cases: Education

Key Challenges

- Gaps in benefits for adjunct and part-time staff
- Complex workforce structures
- Administrative strain across large institutions
- Need for equitable benefit access

Why This Matters

Institutions must balance cost, fairness, and accessibility.

How ICHRA Helps

- Extends benefits to more employee groups
- Offers flexible plan options
- Simplifies administration
- Supports diverse workforce needs

Industry Use Cases: Freelance & Contract Economy

Key Challenges

- Lack of access to employer-sponsored benefits
- Inconsistent income and coverage needs
- Administrative complexity for companies working with contractors

Why This Matters

The workforce is shifting toward more independent work models.

How ICHRA Helps

- Supports non-traditional workforce structures
- Provides flexible, individual coverage options
- Enables companies to offer benefits without group plans
- Improves attraction and retention of contract talent

ICHRA Class Rules

Employee Classes - Avoid Discrimination

More Flexibility to Create Employee Classes with ICHRA Model

- Full time employees
- Part time employees
- Seasonal employees
- Salaried employees
- Non salaried employees
- Employees covered by a collective bargaining arrangement
- Employees who have no satisfied a waiting period
- Temporary employees from staffing firms
- Non-resident aliens with no US based income
- Employees working in the same insurance rating area
- Any combination of two or more of the above

Note: Minimum class size requirements apply. Medicare-eligible-only employees do not qualify as a class.

ICHRA vs. Group Plans Comparison Chart

How ICHRAs Differ From Traditional Group Insurance

	ICHRA	Group Insurance
Reimbursement	Defined contribution.	Defined benefit.
Eligibility	No company size restriction. Some restrictions may apply.	No company size restriction.
Coverage	Employees choose a qualifying health plan for accepted health care expenses.	Employees have a selection of plans to choose from with employer-selected coverage.
Enrollment	Available any time of the year.	Available any time of the year.
Taxes	Contributions are tax free.	Employers contributions are generally not taxed.
Overview	Employers can provide tax-free contributions for qualifying medical expenses like premiums, copays, and more.	Employers can offer and contribute dollars to insurance plans for their eligible employees.
Fixed Costs	Yes, employer determines annual amount paid out to employees.	No
Employer Contributions	No annual maximum.	Usually 50% of employee premium but may vary by state.

FAQs About ICHRA

1. Can employers offer ICHRA to only some employees?

Yes, as long as they follow **IRS-defined employee classes** (e.g., full-time, part-time, seasonal, salaried, location-based, etc.). Employers must offer the same terms to all employees within a class, though they can vary allowance amounts by **age** and **family size**.

2. What happens if an employee declines ICHRA?

If an employee declines, they receive **no reimbursement**. They can keep any other coverage they have. The ICHRA offer gives them a **Special Enrollment Period** to shop for an individual health plan if needed.

3. Is there a minimum group size or participation requirement?

No. There's **no minimum number of employees** required to offer an ICHRA, and **no participation percentage** rules apply. Employers can offer ICHRA to a single W-2 employee if they choose.

4. How does ICHRA affect premium tax credits (PTCs)?

If the ICHRA is deemed **affordable** by IRS standards, employees are **not eligible for PTCs**, even if they waive the HRA. If the ICHRA is **unaffordable**, employees may decline it and still receive PTCs.

5. What kind of insurance qualifies for ICHRA reimbursements?

Employees must enroll in **individual health insurance** (on- or off-exchange), **Medicare Parts A, B, or C**, or **catastrophic plans** (if eligible). Short-term plans, Tricare, and sharing ministries **do not qualify**.

6. Can ICHRA reimburse more than just premiums?

Yes, if the plan is designed that way. ICHRAs can also reimburse **IRS-qualified medical expenses** (like copays, prescriptions, and deductibles) under IRC §213(d). Employers can limit reimbursements to premiums only, if preferred.

7. Can employees be enrolled in both ICHRA and a group plan?

No. An employer **cannot offer both** a group plan and an ICHRA to the **same employee or class**. However, group dental or vision plans can be offered separately.

8. Can ICHRA reimburse dental or vision premiums?

Yes, if the employee also has qualifying major medical coverage, **individual dental and vision plan premiums** can be reimbursed. Group dental/vision premiums are **not eligible**.

FAQs About ICHRA

9. Can employees contribute to HSAs while using an ICHRA?

Only if the ICHRA is **designed to be HSA-compatible**, which means it can reimburse only **premiums**, not general medical expenses and the employee must be enrolled in a **High Deductible Health Plan (HDHP)**.

10. What documentation must employees provide for reimbursement?

Employees must submit **proof of coverage** (like a premium invoice) and an **attestation** that they're enrolled in a qualified plan. Employers must substantiate claims before reimbursing.

11. How are reimbursements handled each month?

Employers set a **monthly cap** per employee or class. Employees submit claims for premiums or eligible expenses, and employers reimburse up to the cap, **tax-free**.

12. Can unused ICHRA funds carry over to the next month or year?

Yes, **if the plan allows it**. Employers can design the plan to **carry over unused funds** or have them **forfeit** at the end of the year or coverage period.

13. What is required to set up an ICHRA?

Employers must create a **written plan document**, distribute a **Summary Plan Description (SPD)**, and provide employees with a **90-day advance notice** explaining ICHRA terms and tax credit impacts.

14. Is an ICHRA subject to ACA employer mandate rules?

Yes. For large employers (50+ FTEs), the ICHRA must be **affordable** and **provide minimum value** to meet ACA coverage requirements and avoid penalties.

15. How is ICHRA reported to the IRS?

Applicable Large Employers (ALEs) must report ICHRA offers on **Forms 1095-C and 1094-C**, using special IRS codes for affordability and plan type.

16. Are ICHRA reimbursements taxable to employees?

No. If substantiated properly, reimbursements for qualified premiums and expenses are **100% tax-free** to the employee and **tax-deductible** to the employer.

17. Are there nondiscrimination rules for ICHRA?

Yes. ICHRAs must comply with **IRS nondiscrimination rules** (IRC §105(h)) and cannot unfairly favor highly compensated employees in plan design or execution.

Why Ameriflex?

Ameriflex Differentiators

Client Satisfaction: We ensure that each client is supported by a dedicated team with deep knowledge of their needs, offering fast responses and proactive service.

Regulatory Compliance: Our in-house compliance team and ERISA attorney provide ongoing support and guidance, ensuring that your clients remain compliant and avoid costly fines.

Smart Technology: We built the technology for our robust self-service tools, mobile apps, and integrations which streamline the administration process for both employers and employees.

Security and Protection: Our SOC II certification and ID theft protection set a new standard in protecting client and participant data.

Card Swipe Guarantee: Available to all Ameriflex FSA and HRA clients, our Card Swipe Guarantee allows us to ensure that participants' FSA and HRA-eligible card transactions will go through without requiring them to submit further documentation. In the event of an IRS audit or an IRS challenge to any qualified paid expense, Ameriflex will assist in satisfying any IRS inquiry.

Risk Mitigation: Our comprehensive COBRA Terms and Conditions provide clear guidelines and protections, minimizing risk and ensuring compliance in every aspect of the COBRA administration process.

What Our Partners Say

"Easy to understand and use. Ameriflex is a fantastic ICHRA solution. Brokers maintain the BOR for policies, platform fees are reasonable and the team is excellent."

- Tabatha Frazier, Waypath Employee Benefits

"Shaun McKay was so kind and an excellent implementation rep in setting up the ICHRA. Everything went smoothly and was quick!. I love the Ameriflex portal. It is user friendly. The representatives are very helpful."

- Rebecca Partain, Ovation Health & Life Services, Inc

Broker Resources

Ameriflex Differentiators

[ICHRA Webinar](#)

[ICHRA Ultimate Guide](#)

[ICHRA Case Study](#)

[ICHRA Landing Page](#)

[ICHRA Quiz](#)

[ICHRA Help Center Articles](#)

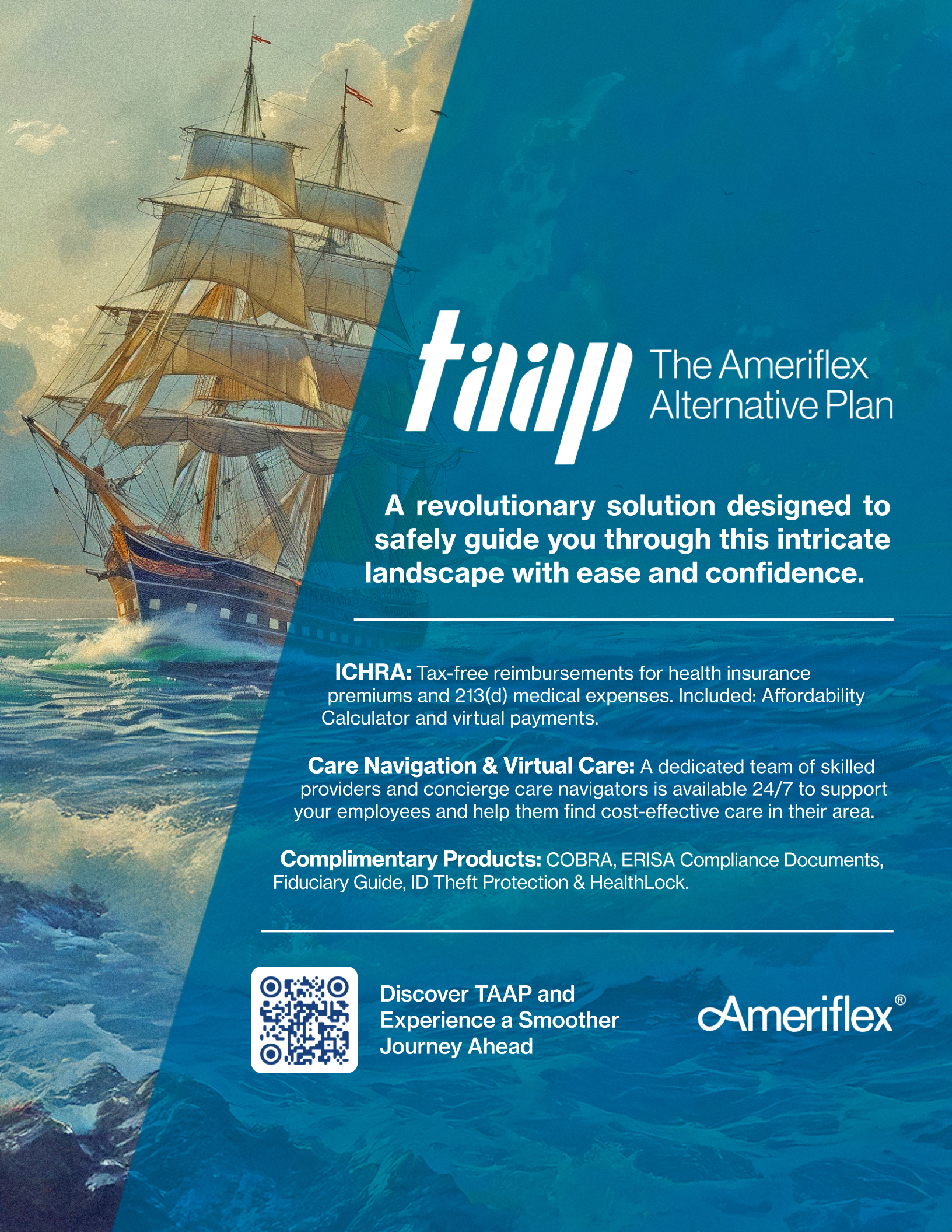
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[TAAP One Pager](#)

[TAAP Landing Page](#)

[Broker Toolkit Page](#)

[ICHRA and HSA for Employers](#)



taap The Ameriflex Alternative Plan

A revolutionary solution designed to safely guide you through this intricate landscape with ease and confidence.

ICHRA: Tax-free reimbursements for health insurance premiums and 213(d) medical expenses. Included: Affordability Calculator and virtual payments.

Care Navigation & Virtual Care: A dedicated team of skilled providers and concierge care navigators is available 24/7 to support your employees and help them find cost-effective care in their area.

Complimentary Products: COBRA, ERISA Compliance Documents, Fiduciary Guide, ID Theft Protection & HealthLock.



Discover TAAP and
Experience a Smoother
Journey Ahead

Ameriflex®

Let's Get Started

The challenges aren't changing. Your approach can.

Whether you're advising clients or managing benefits, ICHRA offers a smarter, more flexible path forward. Let Ameriflex help you build a strategy that works for today's workforce.

[Request a Proposal](#) | [Schedule an ICHRA Calculator Demo](#) | [Connect with Our Team](#)