

ICHRA vs. a Traditional Group Plan

Both help employees pay for health coverage. They differ in who chooses the plan and how the employer sets its cost.

	ICHRA	Traditional group plan
How it works	Employer reimburses employees for individual coverage they choose	Employer selects the plan and pays a share of the premium
Employer cost	Set by the allowance the employer chooses	Set by the carrier's rates at renewal
Employee choice	Each employee picks their own plan	Employees choose from the plans offered
Allowance levels	May vary by employee class within the rules	Set through the employer's contribution approach
Renewal	No group renewal; employer sets the allowance	Carrier rates and terms reset at renewal

OFTEN WORTH A LOOK FOR

- Employers who want a defined, predictable monthly cost
- Groups whose employees live in different places or want more choice
- Employers facing difficult group renewals

QUESTIONS TO ASK

- How would employees feel about choosing their own plan?
- What would an equivalent allowance look like for our group?
- What administration and compliance would we take on?

Takeaway: An ICHRA shifts the question from "which plan do we offer?" to "how much do we contribute?" Rules and options vary, so review the details before deciding.