

# ICHRA

A new way to fund college's  
health insurance needs



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# What's happening in the health benefits space



## Current issues with the traditional group model

- Unmanageable premium increases YoY
- Declining employee satisfaction and engagement driven by limited plan options and poor design
- Employee frustration due to annual plan updates and benefit changes

**5-48%**

Average YoY premium increase

**82%**

Employers who saw rate increases in 2023

**44%**

Employers planning on benefits program changes next year

**59%**

Employees who would leave their current role for better benefits

# Traditional types of funding



**Fully-insured plans:** Employers pay a fixed premium to an insurance company, which assumes the risk of employee health claims



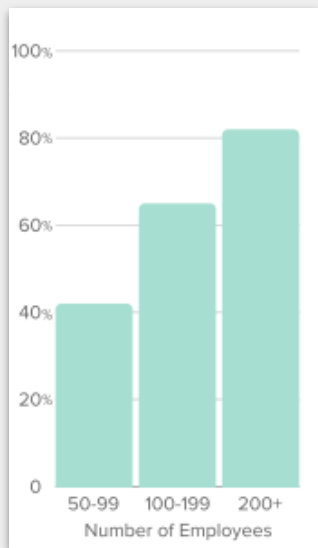
**Self-funded plans:** Employers pay for health claims directly, often using a third-party administrator to manage the plan



**Level-funded plans:** A blend of fully insured and self-funded, offering stable monthly payments while providing flexibility

# What is an ICHRA?

*individual coverage health  
reimbursement arrangement*



Growth rate  
among large  
employers 2023-  
2024



Employers provide employees with tax-free funds, earmarked for health insurance premiums.



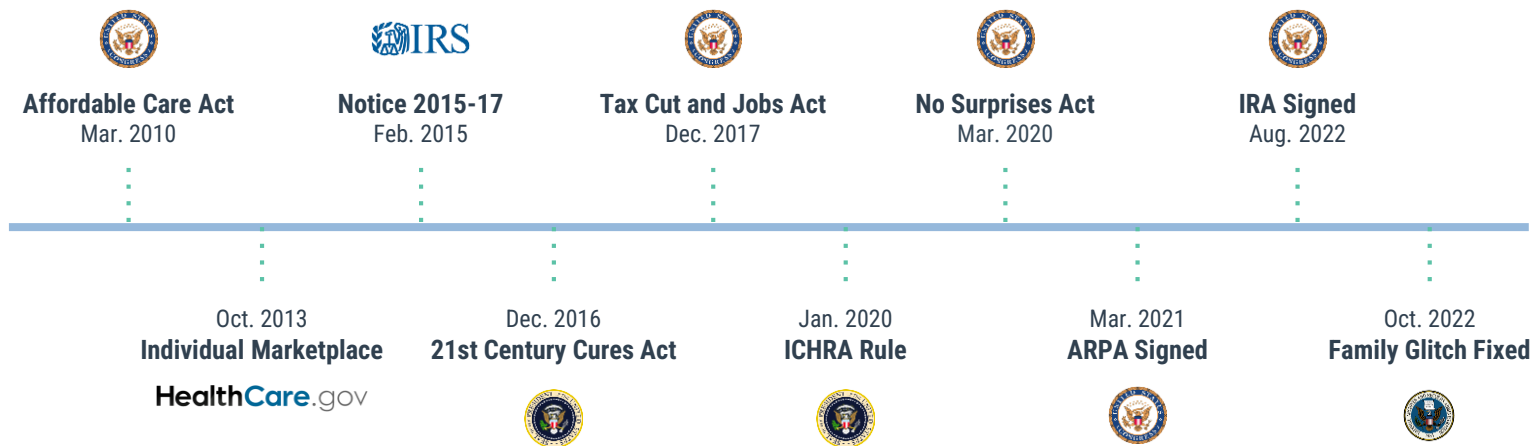
Employees use those funds to purchase their own, ACA-compliant health insurance.



A third-party administrator (TPA) and broker guides employees through the enrollment process and handles ongoing administration.



# The shift to defined contribution plans is supported and fueled by **legislative enhancements to the ACA.**



Source: <https://www.hracouncil.org/report>



# Key benefits of ICHRAs for colleges

**Cost savings:** ICHRAs can significantly reduce the financial burden on colleges by allowing them to set fixed contribution amounts for employee health insurance.

**Flexibility:** Colleges can offer a range of plans that cater to the unique needs of students and staff, ensuring that everyone has access to appropriate coverage.

**Customization:** ICHRAs enable colleges to personalize health insurance options based on individual or group requirements, enhancing satisfaction and retention.



# Challenges in adopting ICHRAs



## Regulatory compliance issues

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Colleges must navigate complex regulations surrounding ICHRAs to ensure compliance.

## Employee understanding and engagement

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Educating employees about ICHRA benefits and processes can be challenging.

## Integration with existing systems

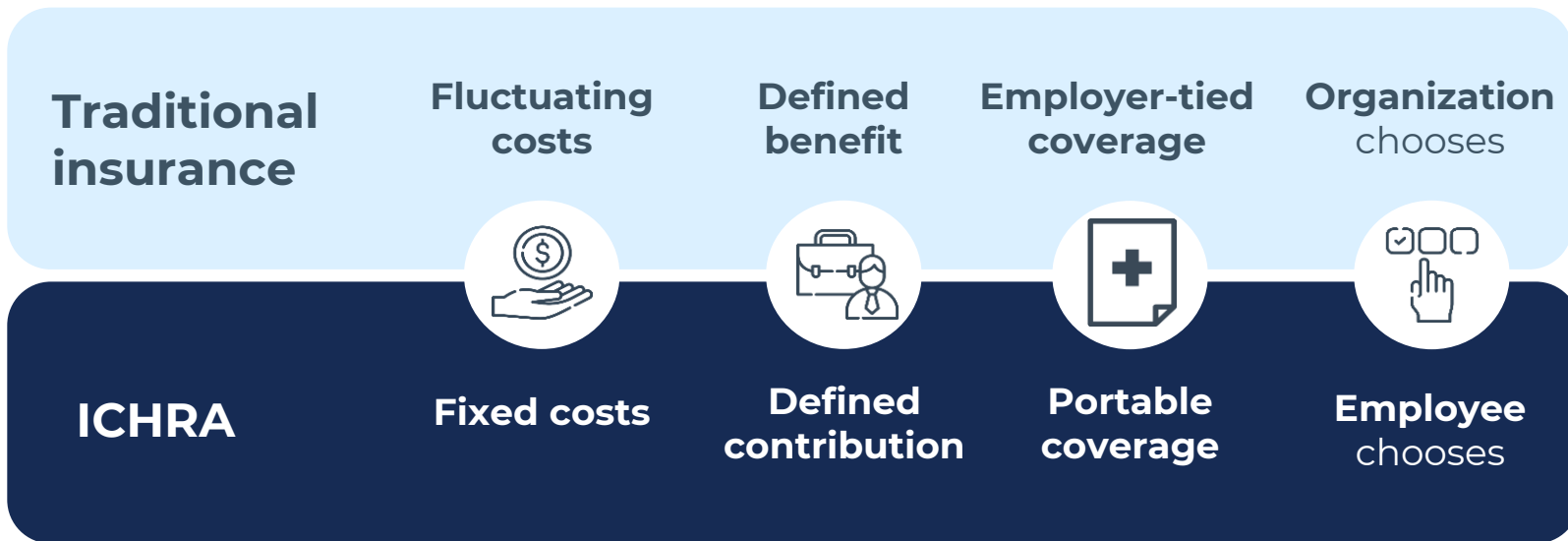
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Compatibility with current health insurance plans and administrative systems may pose issues.



# Comparative analysis: ICHRA vs traditional insurance

Both aim to provide health coverage for students, enhance access to healthcare services, and comply with regulatory requirements





# Case studies

## Successful ICHRA implementations



Implemented ICHRA to enhance flexibility in insurance options and to manage costs more effectively.

Reported a significant reduction in overall health insurance costs after ICHRA adoption.

Enabled personalized coverage plans for employees, improving satisfaction ratings.



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# ICHRA operations



**Payroll integration:** Integrate with HRIS/Payroll Systems, making ICHRA administration seamless for HR teams. Seamless pre-tax payroll deductions. Seamless qualified life event administration.



**Direct carrier premium payment:** Pay each carrier directly on behalf of each employee. Employees don't need to worry about paying another monthly bill or filing for reimbursement.



**Experienced employee support team:** Employees have access to a team of experienced health insurance navigators throughout the enrollment process and beyond.



**Compliance support:** TPAs will provide Cobra administration, 1094/1095 reporting data, affordability testing, and much more.

# Regulatory considerations for ICHRAs



## **Understanding ICHRA regulations**

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Colleges must familiarize themselves with IRS and Department of Labor guidelines regarding ICHRAs.

## **Compliance with health care laws**

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Adhering to laws such as ACA and ERISA is crucial to avoid penalties.

## **Reporting and disclosure requirements**

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Colleges need to implement proper reporting mechanisms for ICHRAs to ensure transparency.



# Future trends in college health insurance

## Growth of ICHRA

ICHRA's are emerging as a popular choice among colleges, allowing flexibility in how health costs are managed

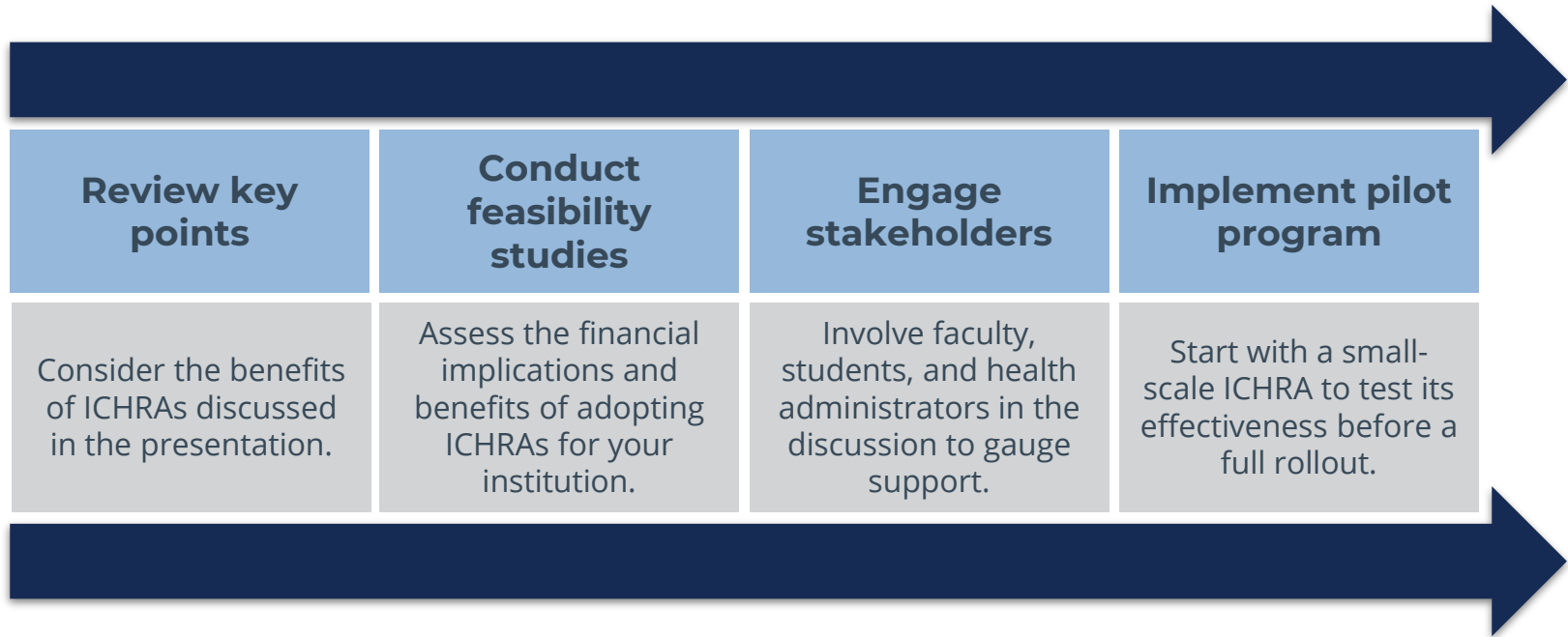
## Increased personalization

Expect a shift toward more personalized health insurance plans that cater to the specific needs of students, improving overall health outcomes.

## Cost-effective solutions

ICHRA's can offer cost-effective solutions for colleges in funding health insurance, potentially lowering administrative costs and providing more choices for students.

# Conclusion & next steps





# Questions and contact



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