

One thing that sets the Individual Coverage Health Reimbursement Arrangement (ICHRA) apart from other HRAs is the flexibility to designate contribution allowances to different employee classes. With ICHRAs, employers can establish up to eleven (11) predefined class categories in which to group their employees to cover more employees with health insurance and other benefits.

**Full-time employees:** Full-time employment is averaging 30 to 40 hours or more per week.

**Part-time employees:** Part-time employment can be defined as averaging under 40 hours per week or as averaging under 30 hours per week.

**Seasonal employees:** These are employees hired on a short-term basis.

**Temporary employees of staffing firms:** These employees are formally employed by staffing firms not the organization sponsoring the ICHRA.

**Salaried employees:** These employees regularly receive a predetermined amount of compensation each pay period.

**Hourly employees:** Hourly, or non-salaried, workers who are paid a predetermined hourly rate for the exact amount of time they work each pay period.

**Employees covered under a collective bargaining agreement:** These employees have entered into a written agreement between the organization and their trade union on the conditions of employment, rate of pay, hours of work, and other working conditions.

**Employees in a waiting period:** These are employees who are currently in a waiting period for health benefits. Employers can choose to implement waiting periods of up to 90 days.

**Foreign employees who work abroad:** These employees work outside the United States.

**Employees working in different geographic locations:** These employees live outside the individual health insurance geographic rating area of the organization's physical address. You may establish employee classes based on insurance rating areas, states, or multi-state regions.

**A combination of two or more of the above:** Employers can also create additional classes by combining two or more of the above classes.

### **Age-based Contributions**

Allowance amounts may vary within a class based on the employee's age. Employers can only offer higher allowances to older employees and need to ensure that the total allowance offered to the oldest employee doesn't exceed three times the allowance given to the youngest employee.

For example, if an employer offers its 26-year-old employee \$300 per month, it could only offer the oldest employee up to \$900 per month.

