

While an Individual Coverage Health Reimbursement Arrangement (ICHRA) is a group health benefit, it is important to keep in mind that all eligible employees select their own individual insurance coverage from a wide variety of insurance providers and often across multiple regions or states. This can present some difficulty in ensuring premium payments are made to this diverse set of carriers, efficiently, and on time. ICHRA administrators offer a wide variety of payment processes and methods.

Premium Payment Processes

Premium Reimbursement

The simplest approach among ICHRA arrangements requires an employee to pay the entire monthly premiums on their own, using their own dollars. Then, once paid, the employee provides proof of payment/attestation of coverage to get reimbursed by their HRA plan administrator.

This process functions like a traditional HRA. Having to front the cash for the entire premium amount may be a burden to some employees, especially around the first of the month when large expenses like rent or house payments are also due.

Direct Payment by Employer or Administrator

Some ICHRA arrangements are designed to have the employee's monthly premiums paid on their behalf by their employer or another third-party ICHRA administrator.

This process functions like traditional group health insurance. In these scenarios, once premiums are paid, if employees choose a plan that exceeds the employer contribution, the excess premium may be deducted from their paychecks or direct-billed.

Payment Methods Accepted by Carriers

Individual insurance carriers may accept an **ACH transfer from a bank account, credit or debit card, or check** payment for monthly premiums.

ACH – As part of CMS' "Benefit and Payment Parameters for 2022" final rule, all carriers must accept ACH transfers from bank accounts for premium payments, including pre-coverage binder payments.

- Most carriers already promote or even require payments in the individual market to be made via ACH through a bank account input into the carrier portal, much like phone, bills, utilities, and other regular payments.
- Some administrators will provide one account for the entire group, or individual accounts for each person, which streamlines reconciliation.

Card – Many carriers accept card payments, either through debit or credit cards. This is convenient for the employee. However, there are some carriers that do not accept cards or accept them for binders only which can create some issues.

Check – Most carriers accept checks, yet this can be problematic with carriers who offer both group and individual plans and often have separate processes. Since an ICHRA is a group health plan and employees purchase individual insurance policies to participate in the ICHRA, the check can end up in the wrong place at the carrier.

It's also important to understand when the selected carrier expects to be paid. Individual premium due dates vary across the market. Payment dates for the current month are generally concentrated around the first few days of the month but can range anywhere from the 15th of the previous month to the 10th of the current month.

