

# ICHRA Strategy Helps Two Firms

A NJ bus company with 35 employees and a public library with 6 employees use individual Health Reimbursement Arrangements.

## Key Challenges

Both the bus company and public library were beside themselves facing double digit renewals. The incumbent brokers for both companies knew they were struggling to afford their current health insurance benefits; however, neither broker could present a quality solution that also saved them money.

## MBA Solution Presented

Our MBA advisor met with the bus company HR Director and the Executive Director of the library and presented the ICHRA strategy. Under an ICHRA, employers reimburse their employees for health expenses under a tax-advantaged pathway brought forth by the federal government in January 2020. Most brokers are unfamiliar with the strategy as were their current brokers. The bus company and library embraced the “defined contribution” approach to offering benefits. Our advisor explained that a monthly allowance, that the employer could afford, would be available for reimbursement to the employees after they purchased their own health insurance. Not only do ICHRA’s allow employers to help pay for insurance premiums they can also reimburse for co-pays, deductibles, Rx medicines, and other out of pocket expenses. The MBA advisor explained the expertise of the individual health sales team and their ability to help and guide the employees with their plan selections on or off the Get Covered NJ marketplace. The MBA team are all certified to navigate purchases for employees on the state marketplace.

## Measureable Results

Both companies breathed a sigh of relief when they realized they could still offer a program that helped attract and retain staff while addressing the rising group’s rates due to underlying health risks. The ICHRA will also lessen their administrative hassle that existed with their current group offering. The employees were very happy when they realized they could choose a health plan that was more suited for them instead of the 2-3 plans previously offered by their employer.



As a result of the MBA solution, both clients were able to control costs and reduce administrative work. The solution also offers portability for employees, elimination of budgeting for premium increases at renewal, and no employer participation requirements.