



# Understanding an Individual Coverage Health Reimbursement Arrangement (ICHRA)

## What is ICHRA?

A special type of Health Reimbursement Arrangement (HRA) that allows employers to reimburse employees for their individual health insurance premiums and other qualified medical expenses. Unlike traditional group health insurance plans, ICHRA gives employees more flexibility in choosing their coverage while still providing a tax-advantaged way for employees to help cover healthcare costs.

## How do I qualify for ICHRA?

To qualify for an ICHRA, you must enroll in individual health coverage using a Health Insurance Marketplace, a private insurer, Medicare, or another method. Additionally, any dependents (e.g., a spouse or children) you have on your individual health plan would also be able to use ICHRA funds.

## How does ICHRA work?

- You obtain individual health coverage through a Marketplace or another method rather than purchasing health coverage through your employer
- Your employer contributes a set amount every month into your ICHRA so you can be reimbursed for certain expenses as they are incurred. Contributions and reimbursements are both tax-free!
- Unused funds at the end of the plan year may go back to the employer or carry over, depending on the plan.

## How do I use my ICHRA to pay for health care expenses?

Depending on your plan, you may have a debit card to pay your providers for eligible health care expenses, or pay with your personal funds and submit a claim for reimbursement. If a debit card is not an option, you'll pay out of pocket and then request reimbursement online, through the member portal or app, by mail or fax.

## Qualified Expenses

Eligible expenses will be outlined in the plan document. They may include:

- individual insurance premiums
- copays, deductibles, coinsurance
- doctor office visits, exams, lab work
- hospital visits
- prescription drugs

*For a comprehensive list of eligible expenses, see IRS publication 502.  
[www.irs.gov/forms-pubs/about-publication-502](http://www.irs.gov/forms-pubs/about-publication-502)*

