

A professional Black woman with short hair, wearing a dark blazer over a light blue button-down shirt, is smiling and talking on a black mobile phone held to her right ear. She is positioned on the right side of the image, with a dark blue gradient background on the left.

2024

ICHRA Compliance

The Definitive Guide to Navigating ACA Compliance for Large Employers

SureCo

866-235-5515 | info@sureco.com | www.sureco.com

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Why Compliance Is the Lynchpin of Your Employee Benefits Strategy

ICHRAAs (**I**ndividual **C**overage **H**ealth **R**eimbursement **A**rrangements) are a flexible and cost-effective alternative to group health benefits. But **ACA compliance** is a big question mark for many people thinking about making the transition. At SureCo, we equip large employers like you to get—and stay—solidly compliant.

Whether you're evaluating the minimum contribution percentage, making sure you have all the necessary forms in place, or ensuring compliance with affordability checks, this manual gives you the knowledge and resources needed to make informed decisions.

We'll also provide insights into essential documentation requirements, including plan documents, **SPDs (Summary Plan Descriptions)**, **ICHRA notices**, and **IRS forms**, ensuring your organization remains compliant and prepared every step of the way. Join us as we embark on this journey to demystify ICHRAAs and empower your organization to navigate the evolving landscape of employer-sponsored health benefits with confidence and compliance.

Note: All information contained in this guide is for educational purposes only. All penalty information is for the 2024 tax year. Always consult with your benefits consultant or benefits attorney if you have questions about ACA compliance.

Understanding the ACA's Employer Mandate

If you're a company with 50 or more full-time, or full-time equivalent employees, you're required to comply with the Employer Mandate or pay a fine to the IRS. Here's what this "play or pay" situation means for you.

Who counts as one of your 50+ full-time employees?¹

- **Full-time employees** who work an average of at least 30 hours per week or 130 hours per month.
- **Full-time-equivalent employees**, which are determined by combining the number of hours of service (up to 120) of all non-full-time employees for the month and dividing the total by 120. *Note: This is only used to determine ALE status.*
You do not have to offer coverage to part-time workers.

There are three main criteria that you need to meet when evaluating your compliance with the Employer Mandate:

- 1 **Minimum Essential Coverage** refers to health insurance that covers a core set of benefits outlined by the ACA, such as preventive services and hospitalization.
- 2 **Minimum Value** refers to the coverage's ability to pay for at least 60% of the total allowed costs of benefits provided under the plan.
- 3 **Affordability** refers to the cost of coverage for the employee, which must be considered affordable based on certain criteria (see page 6).

Industries Most at Risk for ACA Penalties:

These industries have a high number of employees, variability in staffing, and high turnover—which all make it difficult to calculate the correct number of full-time-equivalent employees.²

- Hospitality
- Education
- Healthcare and social assistance
- Agriculture, forestry, fishing, and hunting

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The Cost of Noncompliance

1 out of 4 companies are audited by the IRS for ACA non-compliance.²

There are two types of penalties that may be assessed:¹

The "A" Penalty

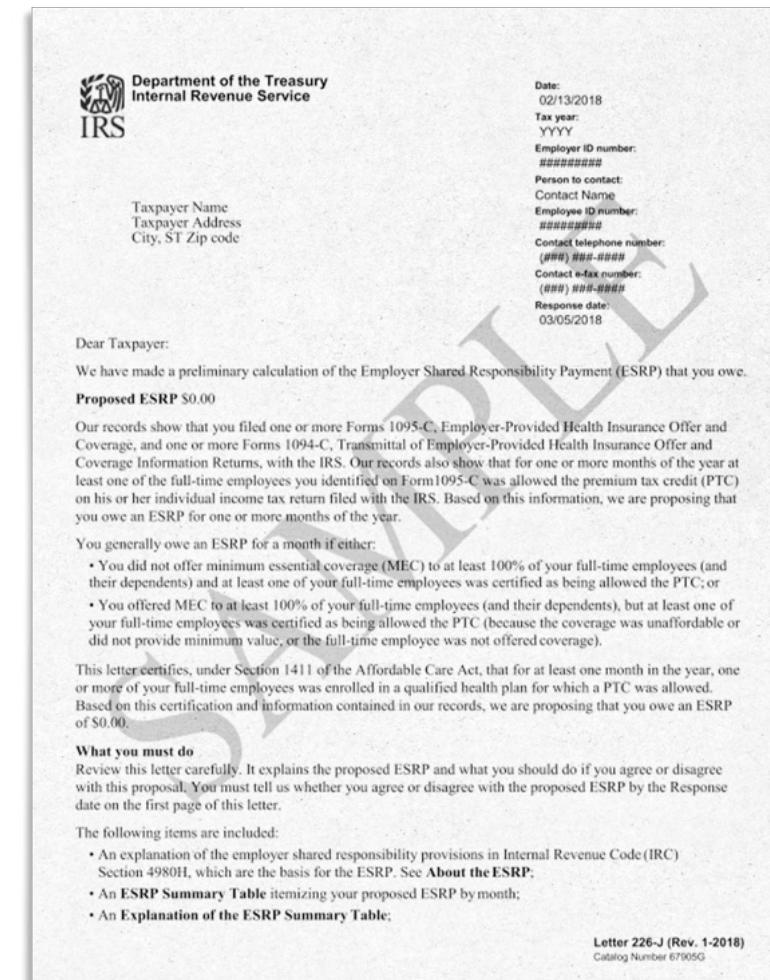
- Occurs when an employer doesn't offer minimum essential coverage to at least 95% of its full-time employees.
- Triggered when a full-time employee receives a subsidy for coverage purchased on a government exchange.
- You could be fined for every FT employee (minus the first 30).

The "B" Penalty

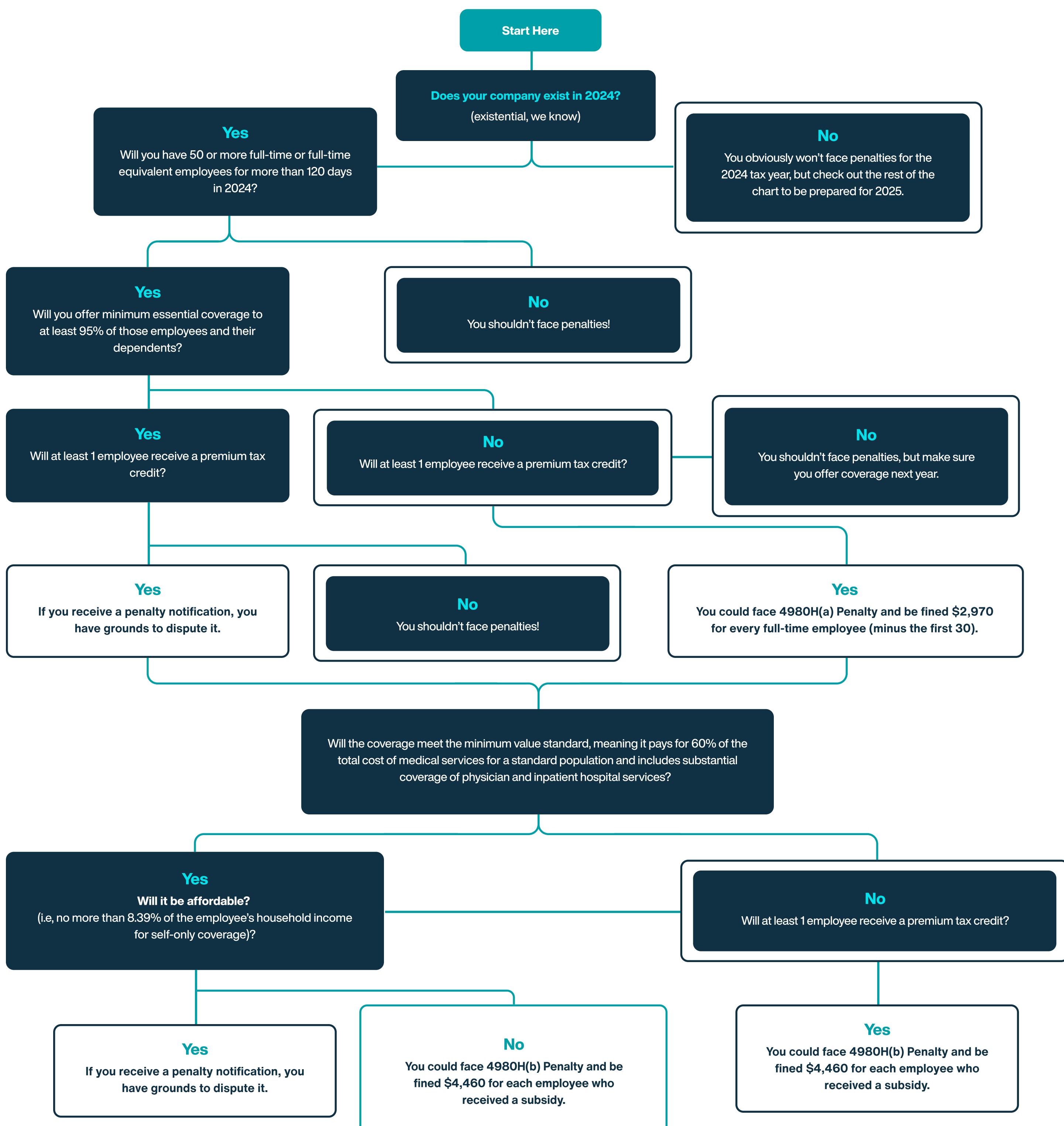
- Occurs when an employer offers coverage that does not meet the minimum value or affordability requirements.
- Triggered when a full-time employee receives a subsidy for coverage purchased on a government exchange.
- You could be fined for each employee who receives a subsidy.

Penalty notifications, also known as Letter 226-J (seen below), are sent by the IRS to employers who are potentially liable for penalties under the ACA mandate. These letters outline the proposed penalty amounts and provide instructions for responding and disputing the penalties.

If you receive one of these letters, while it can be scary and stressful, you can respond and provide additional information to the IRS before any penalties are finalized.



Will You Receive an ACA Penalty for 2024?



Will You Receive an ACA Penalty for 2024?

Let's Continue

Will you file your 1094-C and 1095-C forms to the IRS by the April 1, 2025 online deadline?

Yes

Do you have employees working in **CA, MA, NJ, RI, or Washington DC**?

Yes

Have you ensured you're following additional state-level reporting requirements?

No

You shouldn't face penalties!

Yes

You shouldn't face penalties!

No

You could face state-level penalties for noncompliance. CA, for example, has a \$50/form failure-to-file fee.

No

Do you have employees working in **CA, MA, NJ, RI, or Washington DC**?

Yes

Have you ensured you're following additional state-level reporting requirements?

No

You could face the following federal late-filing penalties if you file:

By April 30, 2025: \$60/return

By August 1, 2025: \$120/return

After August 1, 2025: \$310/return

Yes

You could face the following federal late-filing penalties if you file:

By April 30, 2025: \$60/return

By August 1, 2025: \$120/return

After August 1, 2025: \$310/return

No

You could face state-level penalties for noncompliance. CA, for example, has a \$50/form failure-to-file fee, in addition to federal penalties.

Source: IRS.gov "Questions and Answers on Employer Shared Responsibility Provisions Under the ACA."



Book a **15-Minute Chat** With our Benefits Experts Today!

Learn More

SureCo

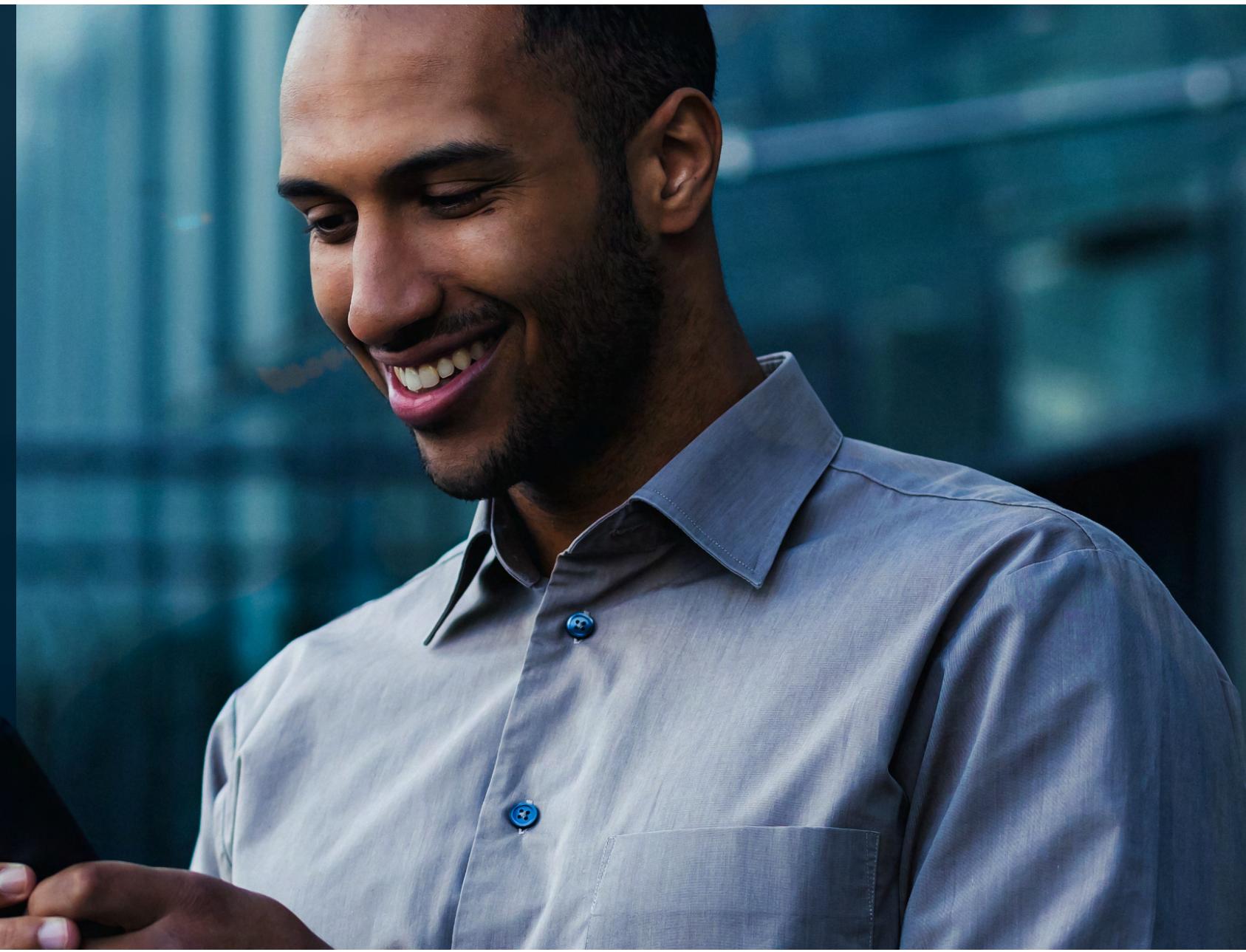
What Does It Mean to Be Compliant on an ICHRA?

Before getting into the specifics of how an ICHRA complies with the ACA, let's first understand what an ICHRA is.

What Is an ICHRA?

An **ICHRA** is a type of health benefit that allows employers to reimburse employees tax-free for individual health insurance premiums and other qualified medical expenses. It differs from traditional group health insurance plans in that it provides more flexibility for employees to choose their own coverage while still receiving employer contributions.

[Download ICHRA 101 Guide](#)



Do ICHRAs Meet the Employer Mandate?

When implemented correctly, all individual plans covered by an ICHRA will inherently meet the minimum essential coverage and minimum value requirements, so all you'll need to worry about is making sure your contributions make them affordable.

And that's where an experienced ICHRA administrator like SureCo comes into play. We help large employers design contribution strategies that ensure affordability for every employee.

ICHRAs and Dependents

Just like with a traditional group plan, ALEs are required to extend their offer of coverage to the dependent(s)—usually children—of their full-time employees. This same consideration does not have to be given to spouses or partners.²

One of the selling points of an ICHRA is that it allows individual family members to choose different plans. This can be especially useful when thinking about college-age children who remain on their parent's insurance but are located in a different state or rating area.

ICHRAs and ERISA

An ICHRA is considered a group health plan under ERISA¹, but there is nuance here. The Individual Coverage (IC) component of ICHRA is a fully-insured plan that is not subject to ERISA if certain requirements are met. The second component—the Health Reimbursement Arrangement (HRA)—however, is technically a self-funded group health plan that is subject to ERISA guidelines, which means you will still need to provide things like plan documents and Summary Plan Descriptions (see page 11).

What Is the Family Glitch?

The family glitch refers to a situation where family members of an employee were ineligible for premium tax credits because the cost of employer-sponsored coverage for the employee met the affordability threshold, even if the cost of coverage for the entire family was not affordable. As of 2023, family members are now able to get Premium Tax Credits even if the employee cannot.³

Can You Create Distinct Classes of Employees?

One key aspect to consider is the ability to create distinct classes of employees within the ICHRA framework. Unlike group plans, ICHRAs allow employers greater flexibility in building custom healthcare benefits for their employees—including the ability to create added benefits for employees (like part-timers) who may not have been offered coverage at all in the past.

You can combine 2+ classes to create a distinct class to offer custom benefits depending on your workforce's unique needs.

There are 11 approved ICHRA classifications recognized by the ACA:¹

Full-Time

- **Work at least 30 hours a week**

Part-Time

- **Less than 30 or 40 hours a week, depending on your business' needs**

Seasonal

- **Hired** on a short-term basis or for a particular season

Collective Bargaining Agreement

- **Employees** who are part of a CBA

Waiting Period

- **New employees** can have a waiting period before their health benefits start

International Employees

- **Foreign employees** working abroad, including non-resident aliens with no US-based income

Same Geographic Location

- **Employees** in the same insurance rating area, state, or multi-state region

Salaried

- **Employees** who receive a salary as wages

Hourly

- **Employees** who do not receive a salary as wages

Temporary

- **Employees** brought on for specific and temporary needs

Combo of Any of the Above

- **Choose** your own adventure!



It's important to note that you can't offer a traditional group plan and an ICHRA to the same class of employees simultaneously. By categorizing employees into these distinct classes, you can tailor your ICHRA offerings to meet the unique needs of each group while ensuring compliance with ACA regulations.

Determining Affordability

The minimum contribution percentage/amount for ICHRAs is determined by the affordability standard, which states that the employer must contribute a minimum percentage of the employee's household income or a specified dollar amount towards the employee's health coverage. As of 2024, that percentage is 8.39% of an employee's household income.²

SureCo develops custom contribution strategies to help you meet these compliance needs.

Age Banding

Unlike traditional group plans, ICHRAs allow companies to adjust their premium contributions to reflect employee ages. This allows for a more equitable contribution strategy for older employees who are subject to higher rates. So, a 22-year-old recent graduate pays less than a 60-year-old industry veteran, regardless of their individual claims experience. The difference between the lowest and highest premiums can't exceed a 3:1 ratio under federal law.

Speaking of which...

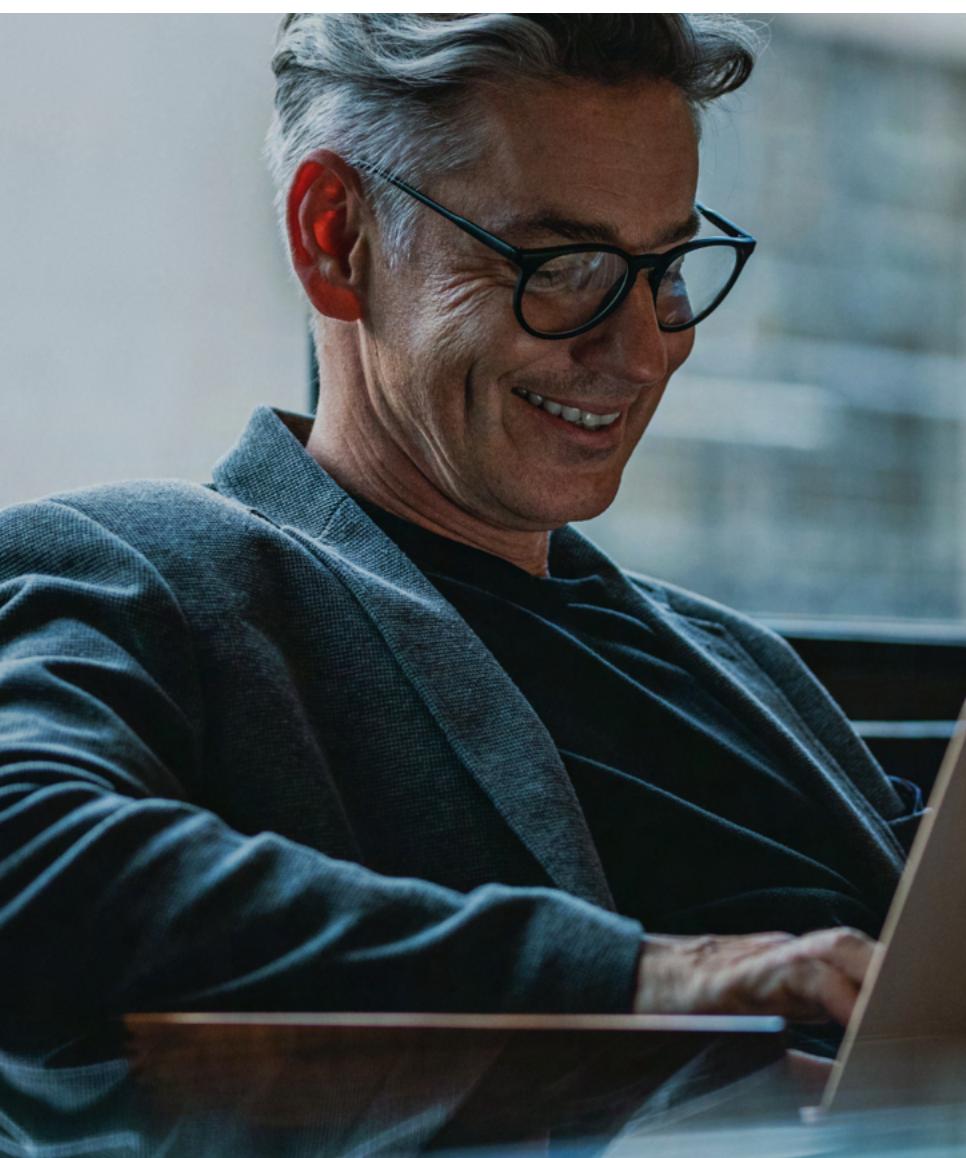
Does It Meet the Non-Discrimination Terms?

The 3:1 ratio refers to the maximum allowable difference in contribution amounts for employees based on their age.

Specifically, it means that the highest premium an employer can charge for the oldest employee cannot be more than three times the premium charged for the youngest employee within the same class.

This ratio ensures that the employer's contributions remain affordable across different age groups and helps prevent discrimination based on age.³

How ICHRAs Work With COBRA and Medicare



What Happens to COBRA?

Because an ICHRA is considered a group health plan under ERISA, it is subject to COBRA, so you must provide an offer of continuation of coverage to all eligible individuals. That said, one of the benefits of an ICHRA is the ability for employees to take their individual plan—the one they own—with them after they leave your company. They will be on the hook for the portion of the premium that you, as the employer, were paying, but they do not need to complete extra paperwork or pay an additional COBRA administrative fee.

There is also no time limit on their coverage due to the plan's portability. This reduces the administrative burden for HR teams and ensures continuity of coverage for the employee.

Can You Reimburse Medicare Premiums With an ICHRA?

Yes! One of the benefits (pun intended) of an ICHRA is that Medicare Parts A and B, or C, are considered an individual plan, so you are able to contribute to your Medicare employees' premiums in a way that you could not on traditional group plans.¹ This also eliminates your risk of running afoul of anti-duplication or Medicare Secondary Payer (MSP) rules.

Employees will first have to enroll in Medicare before they are able to take advantage of their company's ICHRA contribution. Doing so, however, typically provides a huge cost savings for both the employee and the employer. Additionally, dependents of an employee on Medicare are still free to enroll in a different individual plan.

Source: <https://www.federalregister.gov/documents/2019/06/20/2019-12571/health-reimbursement-arrangements-and-other-account-based-group-health-plans>



“Some of the most common feedback we hear from our customers’ employees who are on Medicare is how thrilled they are with their coverage and how amazed they are by how little they have to pay—if anything!”

— John Jenkins, SureCo Head of Compliance

Your Cheat Sheet to Key ICHRA Forms and Due Dates

Essential Forms

- Summary Plan Description (SPD)
- ICHRA Notice
- 1094-C/1095-C
- 990 for (non-profits)
- 720 (PCORI)

2024 Form Deadlines

Maintaining compliance with ICHRAs requires careful attention to deadlines and regulatory requirements. A compliance calendar can track important dates for plan documentation, employee communications, IRS reporting, and other obligations.

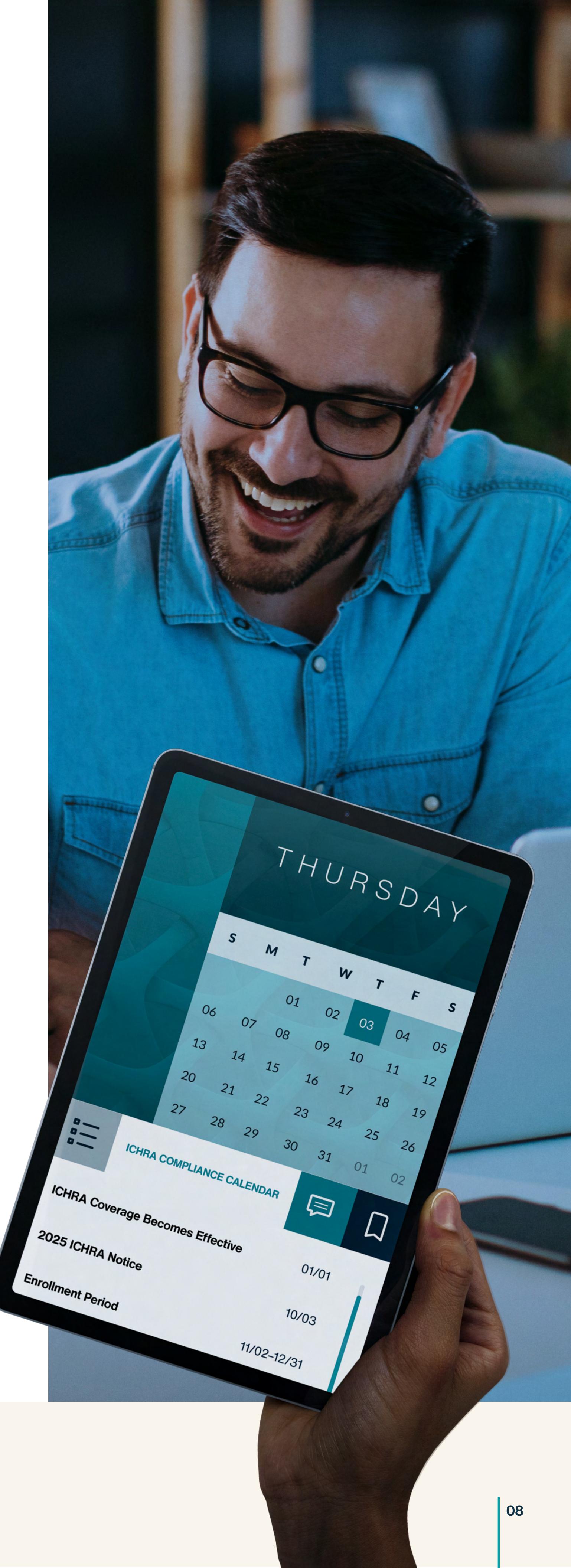
Summary Plan Description (SPD): Delivered to employees within 90 days after they become covered, whether they request it or not. If it's a new ICHRA, you have 120 days after the plan is established. You'll send this out every five years.

ICHRA Notice: Delivered to employees every year, at least 90 days before the start of your plan year. If your ICHRA was established less than 120 days before the start of the first plan year, you'll send your ICHRA notice to employees by its effective date.

1094-C/1095-C: All applicable large employers must file these forms with the IRS by April 1 in order to comply with the ACA's Employer Mandate. You'll also need to provide Form 1095-C to your employees by March 1.

990 (for non-profits only): Due to the IRS on the 15th day of the 5th month following the end of your organization's taxable year. If your organization is on a calendar year, Form 990 is due on May 15 of the following year.

720: Employers who sponsored self-insured group health plans in or after 2023 (including ICHRAs) should calculate the PCORI fee, report the fee on Form 720 annually, and pay PCORI fees to the IRS by July 31.





Summary Plan Description

A summary plan description (SPD) is a summary of the complete plan document for eligible employees.

The SPD must be clear, comprehensive, and easily understandable by employees.

The SPD provides information on:

- **Detailed description** of plan benefits
- **When an employee** can participate in the plan
- **How you calculate** the services and benefits
- **Who can contribute** to the plan
- **When benefits** become vested
- **When and in what form** you pay out benefits
- **How to file** a claim for benefits
- **What features** the benefits include
- **Rights** for plan participants

You will need to provide an SPD to eligible employees within 120 days (about 4 months) of the creation of the ICHRA or you could be fined. In the case of employees newly enrolled in an existing ICHRA, you will have 90 days (about 3 months) to deliver the SPD. If you make any changes to your SPD, you'll need to provide a summary of material modification to employees.

For an ICHRA to be compliant, you need to have a formal plan document that defines your benefits offering and is made available to employees and their families. You could be fined by the IRS if employees request to see the plan document and you fail to provide it.

Here's what needs to be in your ICHRA plan document:

- **The responsibilities** of named fiduciaries and plan administrators
- **Requirements** for ICHRA eligibility
- **The effective participation dates**
- **A description of benefits**, both included and not included
- **The funding and payment** process of the ICHRA
- **Procedures** for claims
- **HIPAA privacy officers** and the special rules surrounding protected health information (PHI)
- **Information** regarding federal mandates
- **The process** of amending the plan
- **The process** for plan termination

Hear from a benefits attorney and SureCo's Head of Compliance about [navigating compliance on an ICHRA](#).

Sample ICHRA Notice

Your ICHRA notice breaks down how your ICHRA works, gives employees the lowdown on opting in or out, and guides them through getting individual health insurance coverage. By making sure this notice covers all the bases, from the nitty-gritty of the ICHRA to how much you will be contributing to their premium, you're giving your team the tools they need to make smart healthcare decisions and feel good about their benefits package. Generally speaking, the ICHRA notice should be sent to employees 90 days before their plan year begins. This is not always possible for new hires or companies that are transitioning to an ICHRA for the first time.

It should include information like:

- An overall description of your ICHRA
- How employees can get individual health insurance
- Information about a special enrollment period (if applicable)
- Instructions for getting reimbursed
- Instructions for opting out of and waiving future reimbursements
- How much their monthly employer contribution will be
- How their affordability was calculated
- How they can integrate Medicare with their ICHRA
- How this affects their premium tax credit eligibility
- Where employees can go for questions

SureCo
SureCo Individual Coverage HRA Model Notice

March 12, 2024

You are getting this notice because your employer will be offering you an individual coverage health reimbursement arrangement (HRA) through the SureCo's Enrollment Platform.

SureCo's Enrollment Platform provides employees the ability to select and enroll in individually-owned health insurance. Similar to a traditional group health plan, the cost of your individual health insurance is supplemented by your employer through monthly premium reimbursement facilitated through payroll. You will receive more details on the Platform and how to enroll in your health benefits prior to our open enrollment period beginning November 21, 2023.

Please read this notice before you decide whether to accept the HRA. In some circumstances, your decision could affect your eligibility for the premium tax credit. Accepting the individual coverage HRA and improperly claiming the premium tax credit could result in tax liability.

If you decline the HRA and purchase insurance through the Exchange (known in many states as the "Health Insurance Marketplace"), this notice also has important information that the Exchange will need to determine if you are eligible for advance payments of the premium tax credit. An Exchange operates in each state to help individuals and families shop for and enroll in individual health insurance coverage.

If you decline the HRA and apply for individual health insurance coverage through the Exchange, this is the amount the Exchange will use to figure out if your HRA is affordable.

All legal spouses/domestic partners & legal dependents may or may not be eligible for the HRA. Please refer to the General ICHRA Employee HRA Notice distributed by your company HR team for details regarding any available contributions towards spouses/domestic partners & legal dependents.

In general, your HRA coverage will start January 1, 2024. If you become eligible during the plan year, your HRA coverage will start on the first day of the following month after your hire date. Coverage for an Eligible Employee's ICHRA always starts on the first of the month. Because of this, new Full Time Eligible Employees must make their benefit elections by the deadline of the 10th of the month for an effective date of the 1st of the month following their Enrollment Period. Enrollment Periods are based on your date of hire.

Example 1: DOB June 1st > Deadline to Enroll is June 10th > Benefit Effective Date is July 1st
Example 2: DOB June 16th > Deadline to Enroll is July 10th > Benefit Effective Date is August 1st

The HRA plan year begins on January 1, 2024 and ends on December 31, 2024.

Note: You will need this information if you decline and apply for health insurance coverage through the Exchange.

Can I opt out of the individual coverage HRA?

Yes. You can opt out of the HRA for yourself (and your family members, if applicable). You will be provided the option to opt out through SureCo's Enrollment Platform during open enrollment.

ICHRA Model Notice • SureCo © 2024, proud partner of SureCo

You will be receiving an invitation to SureCo's Enrollment Platform for enrollment in your individual health insurance coverage. Along with this invitation, you will also be receiving information on which medical care expenses are reimbursed by the HRA.

The individual coverage HRA you are being offered is employer-sponsored health coverage. This is important to know if you apply for health insurance coverage on the Exchange.

Note: There are different kinds of HRAs. The HRA that's being referred to throughout this notice, and that your employer is offering you, is an **individual coverage HRA**. It is not a qualified small employer health reimbursement arrangement (QSEHRA) or any other type of HRA.

"What are the basic terms of the individual coverage HRA that my employer is offering?"

With the implementation of the HRA, your employer will be offering reimbursement of a portion of your monthly premium.

The maximum dollar amounts available for individual health insurance monthly premium cost for each participant in the HRA is as follows:

Employee Name	Employee Age	Rating Area	Employer Monthly Contribution
Jane Doe	40	NY-4	\$450

Note that the self-only HRA amount available for the plan year is found under the Employer monthly contribution column in the above table. The total amount for the year is the monthly employer contribution multiplied by 12 months.

Upon termination of employment you may be entitled to a refund of the HRA without the company's reimbursement.

If I accept the individual coverage HRA do I need to be enrolled in other health coverage too?

Yes. You (and your family members, if applicable) must be enrolled in individual health insurance coverage or Medicare for each month you (or your family members) are covered by the HRA. You may not enroll in short-term, limited-duration insurance or only in excepted benefits coverage (such as insurance that only provides benefits for dental and vision care) to meet this requirement.

II. Getting Individual Health Insurance Coverage

How can I get individual health insurance coverage?

If you already have individual health insurance coverage, you may change that coverage but do not need to in order to meet the HRA's health coverage requirement.

If you do not already have individual health insurance coverage, you may enroll for coverage through SureCo's Enrollment Platform.

If you are enrolled in Medicare Part A and B or Medicare Part C, your enrollment in Medicare will meet the HRA's health coverage requirement. For information on how to enroll in Medicare, visit www.medicare.gov/group-change-plan.

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3 Do coverage through this special copy of this notice to the Exchange apply to enrollment outside of the open enrollment periods, visit www.sureco.com for more information in your state.

4 Do I need to get new individual health insurance coverage each year if I want to enroll in my individual coverage HRA each year?

Yes. Individual health insurance coverage is typically sold for a 12-month period that is the same as the calendar year and ends on December 31. If your HRA starts on January 1, you will either need to get new individual health insurance coverage or renew your individual health insurance coverage. If your HRA has a plan year that starts on a day other than January 1, because your individual health insurance coverage will stay in effect until December 31, you do not need to get new individual health insurance coverage or re-enroll until the next open enrollment period.

5 If you are enrolled in Medicare, your Medicare coverage generally will remain in place year to year.

6 Do I need to substantiate my (and my family members') enrollment in individual health insurance coverage or Medicare to the individual coverage HRA?

Yes. You are required to substantiate that you (and your family members, if applicable) will be enrolled in individual health insurance coverage or Medicare for the period you will be covered by the HRA. Enrolling through SureCo's Enrollment Platform is the easiest way to substantiate your enrollment process when you are enrolled and actively employed by SureCo. If you are keeping current individual health insurance or do not enroll through SureCo's Enrollment Platform you will

7 The premium tax credit is a tax credit that helps eligible individuals and their families pay their premiums for health insurance coverage purchased through the Exchange. The premium tax credit is available for health insurance coverage purchased outside of the Exchange. Factors that affect premium tax credit eligibility include enrollment in Exchange coverage, eligibility for other types of coverage, and household income.

8 When you enroll in health insurance coverage through the Exchange, the Exchange will ask you about any coverage offered to you by your employer.

I. The Basics

"What should I do with this notice?"

Read this notice to help you decide if you want to accept the HRA.

Also, keep this notice for your records. You'll need to refer to it if you decide to accept the HRA and enroll in individual health insurance coverage, or if you turn down the HRA and claim the premium tax credit on your federal income tax return.

"What's an individual coverage HRA?"

An individual coverage HRA is an arrangement under which your employer reimburses you for your medical care expenses (and sometimes your family members' medical care expenses), up to a certain dollar amount for the plan year.

If you enroll in an individual coverage HRA, you must also be enrolled in individual health insurance coverage or Medicare Part A (Hospital Insurance) and B (Medical Insurance) or Medicare Part C (Medicare Advantage) (collectively referred to in this notice as Medicare) for each month you are covered by the HRA. If your family members are covered by the HRA, they must also be enrolled in individual health insurance coverage or Medicare for each month they are covered by the HRA.

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Source: <https://www.cms.gov/marketplace/technical-assistance-resources/individual-coverage-hras.pdf>

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10

Forms 1094-C and 1095-C

When filling out Form 1095-C, you will include information about the health coverage you offer employees. You'll need to submit a Form 1095-C for every employee who was offered an ICHRA during the plan year. Form 1094-C is a summary sheet that includes the total number of Form 1095s submitted to the IRS. Each form includes codes that tell your employees how you calculated their affordability. You will provide this form to all full-time employees, including those who were full-time for at least one month during the tax year. **These are due by April 1, 2024.**

2023

600120													
1095-C Form 1095-C Department of the Treasury Internal Revenue Service	Employer-Provided Health Insurance Offer and Coverage ► Do not attach to your tax return. Keep for your records. ► Go to www.irs.gov/Form1095C for instructions and the latest information.												
		VOID <input type="checkbox"/>	CORRECTED <input type="checkbox"/>										
		OMB No. 1545-2251 2020											
Applicable Large Employer Member (Employer)													
1 Name of employee (first name, middle initial, last name)		2 Social security number (SSN)											
3 Street address (including apartment no.)		4 Street address (including room or suite no.)											
5 City or town		6 State or province											
7 Name of employer		8 Employer identification number (EIN)											
9 City or town		10 Contact telephone number											
11 City or town		12 State or province											
13 Country and ZIP or foreign postal code													
Part II Employee Offer of Coverage													
Employee's Age on January 1													
Plan Start Month (enter 2-digit number):													
14 Offer of Coverage (enter required code)	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
15 Employee Contribution (see instructions)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
16 Section 4980H Safe Harbor and Other Relief (enter code, if applicable)													
17 ZIP Code				For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.									
				Cat. No. 60705M									
				Form 1095-C (2020)									

Enter the correct code from the list

Code	1L	1M	1N	1O	1P	1Q	1R	1S
Offer of Coverage Description	ICHRA offered to employee only with affordability determined by using employee's primary residence location ZIP code.	ICHRA offered to employee and dependent(s) (not spouse) with affordability determined by using employee's primary residence location ZIP code.	ICHRA offered to employee, spouse, and dependent(s) with affordability determined by using employee's primary residence location ZIP code.	ICHRA offered to employees only using the employee's primary employment site ZIP code affordability safe harbor.	ICHRA offered to dependent(s) (not spouse) using the employee's primary employment site ZIP code affordability safe harbor.	ICHRA offered to employee, spouse, and dependent(s) with affordability determined by using the employee's primary employment site ZIP code affordability safe harbor.	ICHRA that is NOT affordable offered to employee; employee and spouse; or employee, spouse, and dependent(s).	ICHRA offered to an individual who was not a full-time employee.

Code	2A	2B	2C	2D	2E	2F	2G	2H
Safe Harbor Description	Employee not employed during the month.	Employee not a full-time employee for the month.	Employee enrolled in health coverage offered for the entire month.	The employee is in section 4980H(b) Limited Non-Assessment Period: The employee is in waiting period and not yet eligible for coverage.	Multi-employer interim rule relief.	Section 4980H affordability Form W-2 safe harbor: The employer offered the employee coverage that was considered affordable based on the employee's W-2 wages, but the employee did not enroll.	Section 4980H affordability federal poverty safe harbor: The employer offered the employee coverage that was considered affordable based on the federal poverty line, but the employee did not enroll.	Section 4980H affordability rate of pay safe harbor: The employer offered the employee coverage that was considered affordable based on the rate of income, but the employee did not enroll.

Source: IRS Instructions for 1094- and 1095-C

Form 720 (PCORI)

The PCORI fees were established as part of the Affordable Care Act (ACA) and are used to fund and conduct research to evaluate the effectiveness of medical treatments, procedures and strategies that treat, manage, diagnose or prevent illness or injury. These fees are applicable to employers who sponsor self-insured health plans or have Health Reimbursement Arrangements (HRAs) that are not integrated with a fully-insured plan. The PCORI fee amount for plan years ending before October 1, 2023, is \$3 per covered person. The fee for plan years ending on or after October 1, 2023, is \$3.22 per covered person. This fee is due by July 31 following the plan year. While this fee was set to expire in 2019, the Further Consolidated Appropriations Act of 2020 extended it through 2029.

Form 720 (Rev. 3-2024)				Page 2		
IRS No.			Rate	Tax	IRS No.	
33	Retail Tax —Truck, trailer, and semitrailer chassis and bodies, and tractor		12% of sales price		33	
29	Ship Passenger Tax Transportation by water	Number of persons	Rate	Tax		
			\$3 per person		29	
31	Other Excise Tax Obligations not in registered form	Amount of obligations	Rate	Tax		
			\$.01		31	
30	Foreign Insurance Taxes —Policies issued by foreign insurers	Premiums paid	Rate	Tax	IRS No.	
	Casualty insurance and indemnity bonds		\$.04			
	Life insurance, sickness and accident policies, and annuity contracts		.01		30	
	Reinsurance		.01			
36	Manufacturers Taxes	Number of tons	Sales price			
37	Coal—Underground mined		\$1.10 per ton		36	
38			4.4% of sales price		37	
39	Coal—Surface mined		\$.55 per ton		38	
			4.4% of sales price		39	
108	Taxable tires other than bias ply or super single tires	Number of tires	Tax	IRS No.		
109	Taxable bias ply or super single tires (other than super single tires designed for steering)				109	
113	Taxable tires, super single tires designed for steering				113	
40	Gas guzzler tax. Attach Form 6197. Check if one-time filing		<input type="checkbox"/>		40	
97	Vaccines (see instructions)				97	
	Reserved for future use	Sales price	2.3% of sales price			
1	Total. Add all amounts in Part I. Complete Schedule A unless one-time filing		\$			
Part II						
133	Patient-Centered Outcomes Research Fee (see instructions)	(a) Avg. number of lives covered (see inst.)	(b) Rate for avg. covered life	(c) Fee (see instructions)	Tax	IRS No.
	Specified health insurance policies					
	(a) With a policy year ending before October 1, 2022		\$2.79			
	(b) With a policy year ending on or after October 1, 2022, and before October 1, 2023		\$3.00			
	Applicable self-insured health plans					
	(c) With a plan year ending before October 1, 2022		\$2.79			
	(d) With a plan year ending on or after October 1, 2022, and before October 1, 2023		\$3.00			
	41 Sport fishing equipment (other than fishing rods and fishing poles)	Rate	Tax			
		10% of sales price			41	
	110 Fishing rods and fishing poles (limits apply, see instructions)	10% of sales price			110	
	42 Electric outboard motors	3% of sales price			42	
	114 Fishing tackle boxes	3% of sales price			114	
	44 Bows, quivers, broadheads, and points	11% of sales price			44	
	106 Arrow shafts	\$.62 per shaft			106	
	140 Indoor tanning services	10% of amount paid			140	
		Number of gallons	Rate	Tax		
	64 Inland waterways fuel use tax		\$.29		64	
	125 LUST tax on inland waterways fuel use (see instructions)		.001		125	
	51 Section 40 fuels (see instructions)				51	
	117 Biodiesel sold as but not used as fuel				117	
	20 Floor stocks tax—Ozone-depleting chemicals. Attach Form 6627.				20	
	150 Repurchase of corporate stock. Attach Form 7208.				150	
	142 Sales of designated drugs during statutory periods.				142	
2	Total. Add all amounts in Part II		\$			

Form 720 (Rev. 3-2024)

Source: IRS Instructions for Form 720



Your 2024 ICHRA Compliance Checklist

- I have counted my full-time and full-time equivalent employees using either the Monthly Measurement Method or the Look-Back Measurement Method to determine if I am an Applicable Large Employer (ALE).
- I have classified my employees using one of the 11 approved employee classifications.
- I have followed the ACA's Employer Mandate by offering at least 95% of my full-time employees (and their dependents) Minimum Essential Coverage (MEC).
- I have ensured that the MEC coverage meets the Minimum Value (MV).
- I have performed affordability checks to ensure that my employees are not paying more than 8.39% of their monthly household income on their portion of the premium (pegged to the lowest-cost silver plan available to them).
- I have made sure that my oldest employee is not receiving a contribution that is more than three times that of my youngest employee.
- I have sent an ICHRA notice to each of my employees within 90 days of Open Enrollment.
- I have furnished Plan Summary Documents to my employees (SPD).
- I have given my employees access to their plan's Summary of Benefits and Coverage (SBC).
- I have distributed 1095-C forms to each of my employees by March 1, 2024.
- I have submitted my 1094- and 1095-C forms to the IRS by April 1, 2024, and to any applicable state-specific governments by March 31, 2024.
- I have paid my PCORI fees and filed form 720 by July 31, 2024.
- I have given myself a pat on the back for helping to keep my company compliant and my employees healthy!

SureCo's Compliance Support

You're implementing an Individual Coverage Health Reimbursement Arrangement (ICHRA) to make your life easier. Let us take the hassle out of compliance.

SureCo ensures you stay compliant when migrating to an ICHRA. Our white-glove support team is here for you every step of the way. Here's how.



Affordable Care Act

Stop worrying about ACA penalties. All ICHRA plans on SureCo's Enrollment Platform meet the Minimum Essential Coverage (MEC) requirement of the Employer Mandate. We'll work with you to ensure that your premium contributions also make the plans affordable for each and every employee. We perform routine checks for age, location, and non-discrimination, so you won't be faced with a penalty notification letter.



ERISA and IRS

SureCo makes filling out tax forms like the Department of Labor 5500 or the ACA 1095-C less daunting. Our customer experience specialists provide custom reports that make it easy for your team or benefits advisor to file yearly compliance documentation regardless of your HRIS or payroll system. We explain exactly which fields differ from what you had on group and advise on the correct affordability codes you should input.



COBRA

An ICHRA with SureCo simplifies off-boarding by virtually eliminating the need for COBRA. While you'll still have to send your COBRA-eligible employees an offer, most will decline it because, under an ICHRA, they own their current plan and can take it with them. Doing so frees them from COBRA's time constraints and administrative hassles—and they won't experience a disruption in care or coverage.



Medicare Eligibility

Medicare is considered an individual plan under an ICHRA, which is great news for your Medicare-eligible employees. SureCo performs one-on-one consultations for this group during Open Enrollment, and we send notifications directly to your HR team any time someone is about to become Medicare-eligible. We'll walk both you and your employee through the process to ensure both compliance and satisfaction.



PCORI

The ACA extended the fee employers must pay to support the Patient-Centered Outcomes Research Institute (PCORI) through 2029. The fee is generally nominal, but it's a requirement that's easy to forget. SureCo will send you reminders leading up to the filing deadline (the last day of July), and we'll determine which calculation method will cost you the least amount of money.



Updates & Adjustments

We stay up to date on the latest regulatory changes so you don't have to. We'll notify you about any changes that could affect your compliance standing and keep tabs on affordability increases, so you'll never be caught off-guard. Our customer experience and compliance teams are always available via phone or e-mail to help you navigate healthcare complexities.

About SureCo

At SureCo, we're reimagining the traditional group benefits experience. We believe that custom health coverage ensures better healthcare—and that shouldn't come at a higher price tag for anyone.

That's why we lobbied for regulatory changes that allow employers to tap into the individual market. Then, we created a refreshingly simple Enrollment Platform that makes it easy for employees to find coverage that meets their specific needs from major carriers in their area. The new paradigm eliminates claims risk for employers, but our platform gives them the same pre-tax contribution model they're used to. Through custom integrations with HRIS and payroll systems, we ensure compliance, provide reporting, and relieve administrative burdens.

SureCo has been at the forefront of ICHRAs from the very beginning and continues to prove the value of this alternative to traditional health coverage.

- We lobbied for the regulatory changes that allowed employers of all sizes to offer ICHRAs in 2020.
- SureCo specializes in supporting large employers with 150+ workers seamlessly access the individual market.
- SureCo has 60+ years of combined ICHRA experience and a 98% customer retention rate.
- Our ICHRA Solution saves companies an average of 22% on premiums.

Ready to see what an ICHRA can do for your company?

If you're interested in learning more about ICHRAs and SureCo's Enrollment Platform, our benefits experts would love to chat. Get in touch at sureco.com/lets-meet-up.

Talk to a Benefits Expert Today



SureCo