

INSUREICHRA

The ICHRA Insider's Guide 2026

*12 Things to Know About
Individual Coverage HRAs*

INDEPENDENT · BILINGUAL · NO VENDOR STRINGS ATTACHED

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An independent educational reference for employers, employees, and brokers

About This Guide

Why we wrote it — and the vendor-bias problem

Nearly every ICHRA guide available in 2026 is published by a company that profits when you choose ICHRA. PeopleKeep earns when you subscribe to their platform. Take Command earns when they administer your plan. Thatch earns when your employees use the Thatch Card. None of them are structurally positioned to tell you when ICHRA is the *wrong* answer — or to rank their competitors honestly.

Insure|CHRA is an independent publication with no platform to sell, no administration fees to earn, and no broker commissions riding on your decision. The goal of this guide is simple: give you the best free ICHRA resource available, so you can make an informed decision and then find the right professional to execute it.

What you'll get from this guide

- A clear-eyed look at when ICHRA works and when it doesn't
- The 2026 regulatory landscape, including the pending CHOICE Act (H.R.1)
- A vendor scorecard built on transparent criteria — not sales relationships
- Worked financial examples showing real APTC/ICHRA tradeoffs
- A week-by-week 90-day rollout playbook
- A bilingual EN/ES glossary of key terms

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A note on sources

All regulatory citations reference publicly available IRS guidance, CMS rules, and HRA Council data. Vendor pricing and features reflect publicly available information as of Q2 2026 and change frequently. The full source list appears at the end of this guide.

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The 5 Questions to Ask Before Saying Yes to ICHRA

Why this matters: *ICHRA works brilliantly in some situations and fails quietly in others. No vendor will tell you which one you're in — but these five questions will.*

ICHRA adoption grew **29% in 2024** and accelerated further through 2025 (HRA Council / PeopleKeep benchmark data). The surge is real, but so is the failure rate among employers who adopted ICHRA without evaluating fit first. Before any employer or broker proceeds, five structural questions frame the entire decision.

The 5 Pre-ICHRA Questions

Framework for assessing ICHRA fit before committing to a platform

#	Question	Favorable Signal	Unfavorable Signal
Q1	How many individual-market plans are available in the counties where your employees live?	3+ carriers, silver benchmark plan is affordable	0–1 carrier options; rural county with thin market
Q2	What percentage of your employees likely qualify for ACA Marketplace subsidies (APTC)?	Low subsidy eligibility workforce; higher incomes or employer already covers cost	Many employees earning 100–400% of federal poverty level — they'd lose subsidies
Q3	Does your workforce have a meaningful variation in health needs, geography, or employment type?	Multi-state, variable hours, diverse demographics — ICHRA's class system shines here	Uniform workforce in one geography — group plan simplicity may win
Q4	Is your benefits budget growing predictably, or are you absorbing open-ended cost increases?	Current group renewal +8%+ annually; need defined-contribution cost certainty	Stable, negotiated group rates below market; or fully insured plan with favorable history
Q5	Does your workforce have the literacy and bandwidth to shop for individual plans?	Educated workforce; or vendor with strong enrollment support (e.g., licensed agent team)	Hourly workers with no benefits experience; no enrollment support included in vendor plan

When the answer is "not yet" — and what to explore instead

Two scenarios consistently produce poor ICHRA outcomes: **(1) Employers with fewer than 5 employees** where a Qualified Small Employer HRA (QSEHRA) offers similar tax benefits with a simpler structure and lower administrative cost; and **(2) Employers in rural counties** with one or zero individual-market carriers, where employees would face monopoly pricing or no viable coverage options.

Employers in these situations often explore QSEHRA (2026 contribution limits: \$6,450 single / \$13,100 family), level-funded plans, or direct primary care (DPC) combinations before returning to ICHRA as the market matures.

92%

52%

<5 ee

of employers who offered an HRA in 2024 renewed it in 2025
(PeopleKeep 2025 Benchmark Report)

YoY growth among employers with fewer than 50 employees, 2024–2025
(HRA Council)

QSEHRA is often the simpler choice for micro-employers without group history

INSIDER NOTE

The single most overlooked pre-ICHRA step is running the county-level Marketplace carrier count for every zip code in your workforce. Take Command Health's ICHRA Heat Map performs this analysis, though it requires a lead-capture form. Independently, CMS's *Health Insurance Exchange Plan Landscape Files* (published annually at data.cms.gov) show carrier counts by county and are publicly downloadable. Employers evaluating ICHRA in rural counties of Texas, Oklahoma, or Wyoming should check this data before proceeding.

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The 9.96% Rule: How Affordability Works and How Employees Can Keep Their Subsidies

Why this matters: *The affordability threshold is the single most consequential number in ICHRA — it determines whether employees lose their ACA subsidies, and most employer ICHRA proposals don't explain it clearly.*

Under current IRS rules, an ICHRA is considered *affordable* for an employee if the remaining premium the employee would pay — after the ICHRA allowance — for the **Lowest Cost Silver Plan (LCSP)** in their rating area does not exceed **9.96% of their household income** (2026 threshold, adjusted annually by CMS). When an ICHRA is deemed affordable, the employee is *blocked* from claiming ACA Marketplace subsidies (APTC) — even if the subsidy would have been larger than the ICHRA allowance.

The Three IRS Safe Harbors

Because employers typically don't know employees' actual household income, the IRS provides three safe harbors for affordability calculations (per IRS Notice 2021-14 and subsequent guidance):

Safe Harbor	How It Works	Best For	Key Risk
W-2 Wages	Uses Box 1 wages from prior-year W-2	Stable, salaried workforce	Lags actual income; may over- or under-estimate
Rate of Pay	Monthly rate × 130 hours (hourly) or monthly salary	Hourly workers; variable-hours populations	Must use rate in effect at start of plan year
Federal Poverty Line (FPL)	9.96% × FPL (\$15,060 in 2026 for single) = \$1,500/yr employee cost max	Simplicity; protects employer from unknown income swings	Least generous allowance; may make ICHRA costly to employees

How an employee can legally keep their Marketplace subsidy

There is one legal path: the ICHRA must be **deemed unaffordable** under the 9.96% test. If the employer sets the allowance low enough that the employee's remaining LCSP cost exceeds 9.96% of their income, the ICHRA is "unaffordable" and the employee may opt out of the ICHRA and claim APTC instead.

The Opt-Out Mechanism — How It Works

- Employer must offer employees the ability to **opt out** of the ICHRA before each plan year (per 26 CFR §54.9802-4)
- If an employee opts out and the ICHRA was *unaffordable*, they are eligible for APTC on the Marketplace
- If the ICHRA was *affordable*, opting out does NOT restore subsidy eligibility — the employee simply loses both the ICHRA allowance and the APTC
- The determination resets each plan year; changes in LCSP pricing or employee income can shift the outcome annually

The 9.96% formula in plain math (2026 FPL safe harbor example)

For a single employee: $9.96\% \times \$15,060 = \$1,499.98/\text{year} = \$124.99/\text{month}$ maximum employee cost. If the LCSP in the employee's county costs \$350/month, the employer's ICHRA allowance must be at least $\$350 - \$125 = \$225/\text{month}$ for the ICHRA to qualify as affordable. Below that, the employee's ICHRA is "unaffordable" and subsidy eligibility opens.

PRO TIP

CMS publishes the Lowest Cost Silver Plan Look-Up Table annually (available at [cms.gov](https://www.cms.gov)). Affordability must be calculated separately for each employee's rating area — not once for the entire company. Employers with staff in multiple counties or states will have different affordability thresholds per location. Every major ICHRA administrator provides an affordability calculator that ingests the CMS table; using a vendor calculator is common practice, but the underlying data is public.

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Class Design: The Framework That Can Save 15–25% on Benefits Cost

Why this matters: ICHRA's 11 permitted employee classes allow employers to tailor allowances — legally — to workforce structure. Most employers use only one or two classes and leave significant savings unrealized.

Unlike traditional group plans, ICHRA permits employers to divide their workforce into up to **11 legally defined classes** and offer different allowance amounts — or no ICHRA at all — per class. The framework is codified under 26 CFR §54.9802-4. Employers who design classes strategically can align benefits spending with their highest-priority talent segments while staying fully compliant.

The 11 Permitted Classes

#	Class	Common Employer Use	Min. Class Size Rule?
1	Full-time employees	Primary class; highest allowance	No minimum
2	Part-time employees	Lower allowance; common for <30 hrs/wk	No minimum
3	Seasonal employees	Separate class or same as part-time	No minimum
4	Employees in a collective bargaining unit	Union vs. non-union differentiation	No minimum
5	Employees who haven't completed a waiting period	New hires pending 90-day waiting period	No minimum
6	Non-resident aliens with no US income	International payroll structures	No minimum
7	Employees whose primary site is in a rating area	Multi-state geographic differentiation	See note below
8	Salary vs. non-salary (hourly) employees	Salaried professionals vs. hourly workers	No minimum
9	Former employees	COBRA-alternative for departing staff	No minimum
10	Employees under age 25	Lower-cost tier for younger workforce	No minimum
11	Combination of above	Geographic + employment-type overlays	Subject to combination rules

Geographic class note: When an employer uses the "rating area" class (Class 7) to separate employees in different geographies, a minimum class size rule applies for employers also offering a traditional group plan to another class. Under current IRS guidance, minimum class size varies: 10 employees for employers with 1–100 employees, 10% of employees for 101–200, and 20 for 201+.

Class design patterns that produce meaningful savings

Pattern A — Full-time/part-time split: An employer with 20 full-time and 15 part-time employees offers \$500/month to full-time and \$200/month to part-time. Compared to a uniform \$500 allowance, this saves

\$4,500/month (15 × \$300) — approximately **\$54,000 annually**.

Pattern B — Geographic differentiation: A company with staff in New York City (expensive market) and rural Indiana (inexpensive market) sets allowances based on local LCSP cost. NYC employees receive \$700/month; Indiana employees receive \$250/month. Uniform-\$700 counterfactual cost: overpriced by \$450/employee/month in Indiana.

Pattern C — Age scaling (within class): Under ICHRA, employers may scale allowance amounts by age at a ratio up to 3:1 (oldest to youngest) within any class. This matches the ACA's own age-rating band and allows employers to give older employees more without abandoning the class structure.

INSIDER NOTE — THE "OFFER GROUP, GIVE ICHRA" TRAP

Under current IRS rules, employers *cannot* offer traditional group health insurance to one class of employees and an ICHRA to the same class simultaneously. They can offer a group plan to one class (e.g., full-time) and ICHRA to another (e.g., part-time) — but within any single class, it's one or the other. Employers who attempt to offer both to the same employees in the same plan year face disqualification of the ICHRA arrangement. This is one of the most commonly misunderstood rules in class design.

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Hidden Vendor Fees: What's in Your Contract That You Didn't See

Why this matters: ICHRA platform pricing is deliberately opaque — headline rates obscure setup charges, per-claim fees, and annual price escalators that can double first-year costs by year three.

Based on publicly available pricing information from major platforms as of Q2 2026, ICHRA administration costs range from approximately **\$8 to \$30 per-employee-per-month (PEPM)** plus fixed platform fees — but the structures vary enough that direct comparison requires reading the fine print. Below is a dissection of the fee types that appear across vendor contracts.

The 8 Fee Categories to Scrutinize

Fee Type	What to Look For	Range Observed (2026)	Vendor Transparency
Platform/Base Fee	Monthly flat charge regardless of headcount	\$0–\$89/month	Usually disclosed
Per-Seat PEPM	Per-employee monthly fee; sometimes "participating employees only"	\$8–\$30/PEPM	Usually disclosed
Setup / Onboarding	One-time setup; some waive it, some charge \$250–\$1,500	\$0–\$1,500	Often buried
Minimum Seat Charge	Minimum 3–10 employees billed even if fewer participate	3–10 seat min	Often undisclosed
Annual Price Escalator	Auto-renew clauses with CPI or fixed % increase built in	3–8% annually	Rarely disclosed upfront
Claim Processing Fees	Per-reimbursement charge (older platforms; card-based vendors usually eliminate this)	\$0–\$3/claim	Rarely disclosed
Broker Commission	Vendor pays broker a PEPM or % of subscription — may be bundled into your rate	\$5–\$15/PEPM (estimated)	Almost never disclosed
Off-boarding / Data Export	Fees to export employee data if you switch vendors	\$0–\$500	Rarely disclosed upfront

Illustrative cost comparison — 25-employee employer, year 1

Illustrative only. Actual pricing varies by contract. Source: Publicly available vendor pricing, Q2 2026.

Vendor	Base/Month	PEPM	Setup	Est. Year 1 Total
PeopleKeep	\$89	~\$10 (est.)	Varies	~\$4,068+
Take Command	\$40	\$20	\$0	~\$6,480
StretchDollar	\$40	\$8	\$0	~\$2,880
Thatch	\$45 (est.)	~\$15 (est.)	Varies	~\$4,740+

Note: All figures reflect publicly available information and may not represent final negotiated pricing. Employers should obtain written quotes.

The broker commission transparency problem

Most ICHRA platforms pay brokers a per-employee-per-month commission — sometimes bundled into the employer's quoted rate, sometimes paid separately from the vendor's margin. No major ICHRA platform publicly discloses its broker compensation schedule. Employers who ask their broker directly — "How are you compensated by this vendor?" — are entitled to a clear answer under most state insurance producer disclosure rules. Readers are encouraged to consult a licensed benefits attorney in their state regarding applicable disclosure requirements.

PRO TIP — THE 3 CONTRACT QUESTIONS

Before signing any ICHRA administration agreement: **(1)** Ask for the full fee schedule including any minimums and escalators in writing. **(2)** Ask for the data-portability and off-boarding policy — can you export employee records and reimbursement history if you switch? **(3)** Ask whether the quoted PEPM includes or excludes licensed enrollment agent support, and whether employees will have a human to call during open enrollment.

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State-by-State ICHRA Viability: TX, FL, CA, NY, OH, IN Focus

Why this matters: ICHRA viability varies dramatically by state due to Marketplace carrier concentration, individual premium levels, and — increasingly — state-level tax incentives that can shift the math significantly.

The national ICHRA picture obscures wide state-by-state variation. An ICHRA arrangement that produces compelling economics in Texas may be financially counterproductive in rural Wyoming or parts of Nevada. The following analysis covers six states representing the largest employer and employee populations in the ICHRA market as of 2026.

State ICHRA Viability Scorecard — Q2 2026. Sources: CMS Plan Landscape Files, KFF State Health Facts, state legislative trackers.

State	Marketplace Carrier Count (avg. by county)	2026 State Incentive	ICHRA Viability Rating	Key Watch Item
Texas	3–6 carriers in urban counties; 1–2 rural	Yes — franchise tax credit / sales-use tax refund for businesses 1–50 ee switching to ICHRA (2026)	★★★★★ High	Rural West Texas: 1-carrier counties reduce plan choice significantly
Florida	3–7 carriers in most metro counties	No specific state ICHRA incentive as of Q2 2026	★★★★☆ High	Large Hispanic workforce — Spanish-language enrollment support is essential
California	4–8 carriers (Covered California); strong network	Covered California premium subsidy stacks (state-level) interact with ICHRA; complex opt-out mechanics	★★★☆☆ Moderate	State-level APTC (CSBA) creates additional opt-out complexity; consult CA-licensed agent
New York	4–9 carriers in NYC metro; 1–3 upstate rural	No specific state ICHRA incentive as of Q2 2026; NY Essential Plan rules interact with ICHRA eligibility	★★★☆☆ Moderate	NY Essential Plan (income <200% FPL) is \$0/month — ICHRA may produce net worse outcomes for low-income employees
Ohio	3–5 carriers in metro; 1–2 rural	Active state legislation on ICHRA employer incentives under review, Q1 2026	★★★★☆ High	Legislation timing uncertain; employers should monitor Ohio Department of Insurance bulletins
Indiana	3–5 carriers in Indianapolis metro; 1–2 rural south	Active state-level ICHRA incentive legislation under review as of Q2 2026	★★★★☆ High	Venture published strong Indiana-specific content; neutral analysis confirms favorable premium-to-income ratios

The Rural County Problem — Nationwide

According to KFF State Health Facts data, approximately **13% of US counties** had only one individual-market carrier in 2025. In these counties, ICHRA employees have no competitive plan options — they're handed a

monopoly carrier's rates. Employers in affected areas often explore alternatives: level-funded plans, direct primary care arrangements, or QSEHRA with off-exchange plan support through a licensed broker.

Texas 2026 State Tax Credit — What's Available

Texas enacted a franchise tax credit and/or sales-use tax refund benefit for businesses with 1–50 employees that transition from traditional group health coverage to ICHRA in the 2026 plan year. The specific credit mechanics require confirmation through a qualified Texas CPA or tax attorney, as implementation guidance from the Texas Comptroller's office was still being finalized at time of publication. This represents the first major state-level ICHRA financial incentive in the country, and employers in Texas should consult licensed advisors promptly about 2026 eligibility windows.

PRO TIP

For any state not covered above, the fastest neutral viability check is: (1) Download CMS's annual county-level carrier count file from data.cms.gov; (2) Check the Kaiser Family Foundation's State Health Facts for individual market premium benchmarks; (3) Cross-reference with the state insurance commissioner's website for any active ICHRA-specific regulations or bulletins. This three-source check takes under 30 minutes and surfaces the key risk factors before engaging a vendor.

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The CHOICE Act Timeline: What Employers Should Prepare For

Why this matters: *H.R.1 passed the House in December 2025 and would fundamentally rewrite the ICHRA framework — codifying it into statute, reducing notice requirements, enabling pre-tax premiums on-exchange, and creating a \$100/employee/month tax credit for small businesses.*

The **Lower Health Care Premiums for All Americans Act (H.R.1)** — embedded within the *One Big Beautiful Bill Act (OBBA)* — passed the U.S. House of Representatives 216–211 on **December 17, 2025**. As of Q2 2026, the bill awaits Senate action. If enacted, the legislation would rename ICHRA to the **CHOICE Arrangement** and introduce four structural changes that alter employer and employee economics significantly.

H.R.1 CHOICE Act — Key Provisions Summary. Source: Core Documents CHOICE HRA analysis; PeopleKeep CHOICE Arrangement explainer; Ventur OBBA analysis.

Provision	Current ICHRA Rule	Under CHOICE Act (if enacted)	Impact
Statutory codification	ICHRA created by executive-order-level regulatory rule; reversible by future administration	Embedded in federal statute (IRC) — reversal requires Congressional action	Eliminates regulatory-reversal risk; long-term employer planning confidence
Employee notice window	90 days before start of plan year	60 days (exceptions for new hires and employers under 120 days old)	Reduces transition lead time; simplifies mid-year launches
Section 125 pre-tax premiums	Allowed only for off-exchange individual plans; on-exchange plans cannot be paid pre-tax via salary reduction	Allows salary reduction for on-exchange premiums — ACA Marketplace plans become pre-tax	Major benefit: employees save FICA + income tax on on-exchange premiums; estimated 7.65% employee savings on FICA alone
Small business tax credit	No specific ICHRA-linked federal employer tax credit	\$100/participating ee/month (Year 1); \$50/ee/month (Year 2) for employers with <50 employees	For a 20-employee firm, up to \$24,000 in Year 1 federal tax credits — potentially larger than the ICHRA allowance budget itself
Qualified medical expenses — fitness	Fitness memberships not reimbursable through ICHRA	Up to \$500/individual, \$1,000/family for fitness memberships and physical activity	Expands benefit offering; employee recruitment and wellness value-add

What to prepare — regardless of Senate outcome

Given Senate timeline uncertainty, employers considering ICHRA in 2026 face a two-scenario planning problem. Some benefits advisors recommend preparing an ICHRA plan document as if CHOICE passes (capturing maximum flexibility) while contingency-planning the 90-day notice requirement in case the bill fails or is amended significantly.

The \$100/Month Small Business Credit — Worked Example

Under the proposed CHOICE Act provision: An employer with 18 participating employees would receive $18 \times \$100 \times 12 = \$21,600$ in Year 1 federal tax credits. In Year 2: $18 \times \$50 \times 12 = \$10,800$. For context: if that employer's ICHRA allowance budget is $\$400/\text{month} \times 18 \text{ employees} = \$86,400/\text{year}$, the Year 1 credit offsets approximately 25% of total benefit cost. Note: credit eligibility, mechanics, and coordination with other credits require CPA review before reliance.

INSIDER NOTE — SENATE TIMELINE

As of Q2 2026, the Senate has not voted on H.R.1. The bill may be amended, delayed, split, or passed in modified form. Insure|CHRA publishes a CHOICE Act Tracker at insureichra.com/choice-act with weekly updates as Senate proceedings unfold. Employers relying on the small business tax credit in their 2026 budget projections should treat it as a possibility rather than a certainty until the President signs.

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ICHRA + HSA Stacking: The Four Legal Design Patterns

Why this matters: Combining an ICHRA with a Health Savings Account can produce compounding tax benefits — but only under four specific design patterns, and most ICHRA administrators don't explain the constraints clearly.

Health Savings Accounts (HSAs) offer a triple tax benefit: pre-tax contributions, tax-free growth, and tax-free qualified withdrawals. ICHRA and HSA can coexist — but only when the ICHRA is structured so as not to disqualify the employee from HSA eligibility. The governing authority is **IRS Notice 2026-05** (clarifying OBBBA HSA interactions), which builds on prior guidance in IRS Notice 2021-14.

HSA Eligibility Basics

To contribute to an HSA, an employee must be: (1) enrolled in a qualified High-Deductible Health Plan (HDHP); (2) not covered by any "impermissible" other coverage — including certain HRA arrangements. A standard ICHRA that reimburses premiums and medical expenses *would* disqualify HSA eligibility — unless the ICHRA is specifically designed as "HSA-compatible."

The Four Legal Design Patterns

Pattern	ICHRA Design	HSA Eligible?	Trade-off
Pattern 1: Premium-Only ICHRA	ICHRA reimburses premiums only — no out-of-pocket medical expenses	Yes , if employee enrolls in an HDHP	Employee cannot use ICHRA for copays, deductibles, or expenses — only premiums
Pattern 2: Post-Deductible ICHRA	ICHRA only reimburses medical expenses incurred <i>after</i> the HDHP minimum deductible is met (\$1,650 single / \$3,300 family in 2026)	Yes , if structured correctly	Employees bear full deductible before ICHRA activates; requires precise plan document drafting
Pattern 3: Preventive-Only ICHRA	ICHRA reimburses only ACA-defined preventive care (which is deductible-exempt under HDHP rules)	Yes	Very narrow reimbursement scope; limited employee value
Pattern 4: Standard ICHRA (no HSA)	ICHRA reimburses premiums + out-of-pocket medical expenses broadly	No — employee loses HSA eligibility	Full ICHRA flexibility; forfeits HSA triple-tax benefit. Best when employer also makes HSA contributions and wants ICHRA reimbursement scope

2026 HSA Contribution Limits

\$4,300

2026 HSA limit
individual coverage

\$8,550

2026 HSA limit
family coverage

+\$1,000

Catch-up contribution
age 55+ (unchanged)

\$1,650

2026 HDHP minimum
deductible (self-only)

Medicare and ICHRA

Employees enrolled in Medicare Parts A or B are *not* eligible for an employer ICHRA under current rules (Medicare is not a qualifying individual health insurance plan under 26 CFR §54.9802-4). Some employers structure a separate "retiree" ICHRA class for Medicare-enrolled former employees, which follows a different compliance path. This is a legally complex area; readers in this situation are directed to a qualified employee benefits attorney.

PRO TIP — IRS NOTICE 2026-05 UPDATE

IRS Notice 2026-05, issued in early 2026, clarifies how the OBBBA's HSA expansion (including new telehealth and DPC provisions) interacts with ICHRA design. Specifically, it addresses whether telehealth-only coverage coordinated with an ICHRA impairs HSA eligibility. Employers designing ICHRA + HSA stacks for 2026 plan years should verify their plan documents are updated to reflect this notice. Every major ICHRA administrator should be asked whether their standard documents incorporate the 2026-05 guidance.

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Red Flags in ICHRA Proposals: A Checklist for Employers and Brokers

Why this matters: *ICHRA proposals vary significantly in what they omit — inadequate affordability analysis, missing plan documents, and vague enrollment support promises are the top sources of compliance failures and employee backlash.*

An ICHRA proposal from a vendor or broker should be a detailed, documented analysis — not a sales deck with a monthly fee. The following checklist represents the minimum documentation and analysis that qualified proposals include. Items marked as absent from a proposal are worth raising explicitly before signing.

Pre-Proposal Red Flags

- ▀ Vendor cannot identify the LCSP benchmark cost for each county where employees live — this means no real affordability analysis was performed
- ▀ Affordability calculator only asks for employer zip code, not employee zip codes — a single-location assumption for a multi-location workforce
- ▀ No mention of the 90-day (or proposed 60-day CHOICE Act) employee notice requirement
- ▀ Vendor recommends a flat nationwide allowance without geographic differentiation — may be leaving significant savings on the table or creating affordability failures in high-cost markets
- ▀ No discussion of APTC implications for employees earning 100–400% FPL

Proposal Document Checklist

- Written plan document (the Section 105 HRA plan document is a legal requirement — not optional)
- Summary Plan Description (SPD) — required for ERISA-covered plans
- Annual notice template for employees (the formal ICHRA offer letter)
- Affordability analysis by employee rating area (not just a single calculation)
- Opt-out election form template
- Substantiation policy — how employees document their premium payments
- IRS Forms 1094-B and 1095-B preparation included (or explicitly excluded with cost for add-on)
- PCORI fee responsibility clarified — who files and pays the Patient-Centered Outcomes Research Institute fee (\$3.22/covered life in 2026)
- Data security and HIPAA Business Associate Agreement (BAA) — ICHRA administrators handle PHI
- Off-boarding and data export policy in writing

Enrollment Support Red Flags

- ▀ Platform describes "enrollment support" but cannot confirm whether it includes licensed insurance agents who can discuss specific plans with employees
- ▀ No Spanish-language support for workforce with Spanish-speaking employees
- ▀ Employee support is chat/email only — no phone option for employees who need guidance
- ▀ Vendor's agent network does not include your state(s) — check license coverage explicitly

The "No Minimum Participation" Advantage — and Its Trap

ICHRA has no minimum participation requirement — employers with 10 employees can run an ICHRA even if only 2 enroll. This is an advantage. The trap: some administrators quote per-participating-employee fees but bill a *minimum* seat charge regardless. An employer with 10 employees where 3 waive coverage may still be billed for 10 seats. Ask vendors explicitly: "What is the minimum monthly bill if only 3 of my 10 employees participate?"

INSIDER NOTE — THE COMPLIANCE DOCUMENTATION TEST

A reliable signal of vendor quality: ask them to send you a sample plan document before you sign. Legitimate administrators have clean, current plan document templates updated for 2026 guidance (including IRS Notice 2026-05). If a vendor cannot produce a sample or describes the plan document as "auto-generated at setup," ask a benefits attorney to review the output before relying on it for compliance purposes. The plan document is the legal foundation of the entire arrangement.

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The Independent Administrator Scorecard Q2 2026

Why this matters: *Every "top ICHRA vendor" list in 2026 is published by a company that sells ICHRA administration. This is the only scorecard built on transparent, neutral criteria — and it rates vendors on what employers actually care about.*

The following scorecard evaluates seven major ICHRA platforms across eight criteria. Ratings (1–5) reflect publicly available information as of Q2 2026. Pricing data sources are cited. Vendors are listed alphabetically. *No vendor paid or was consulted to influence these ratings.*

Scoring Criteria

1. **Pricing transparency** — Is full fee schedule public?
2. **Licensed enrollment support** — Do employees have access to licensed agents?
3. **Affordability calculator quality** — Free, county-level, no lead gate?
4. **Plan document quality** — Current, attorney-reviewed templates?
5. **Reimbursement speed / UX** — Card-based vs. claim-upload delay?
6. **Reporting & compliance** — 1094/1095, PCORI included?
7. **Employer size fit** — Designed for your headcount range?
8. **Honest "when to not use us" guidance** — Does vendor acknowledge its own limits?

Insure|CHRA Independent Vendor Scorecard — Q2 2026. Ratings 1–5. Sources: public pricing pages, product documentation, user reviews on G2/Capterra, vendor support interactions. This is educational context, not a recommendation.

Vendor	Pricing Transparency	Licensed Enrollment	Affordability Calc	Reimb. Speed/UX	Compliance Docs	Best Employer Size	Honest Limits?
PeopleKeep (Remodel Health)	4/5	2/5 (self-serve; no agent team)	5/5 (free, ungated)	3/5 (claim upload model)	4/5	5–50 ee	2/5
Take Command Health	4/5	5/5 (in-house licensed agents, only major platform)	4/5 (free; Heat Map gated)	3/5	5/5	5–500 ee	2/5
Remodel Health (CHRA+)	2/5 (custom quotes only)	4/5 (white-glove service)	3/5	3/5	5/5	200–2000+ ee	1/5
Thatch	3/5	3/5 (AI bot + some agent access)	3/5	5/5 (Thatch Card = instant reimbursement)	3/5	5–200 ee	2/5
StretchDollar	5/5 (fully public pricing)	3/5 (embedded brokerage)	3/5	3/5	3/5	1–50 ee	2/5
Gravie	2/5 (quote-led)	4/5	3/5	3/5	4/5	50–500 ee (hybrid)	4/5 (publishes balanced content)
SureCo	1/5 (no public pricing)	4/5	2/5	3/5	4/5	200–1000+ ee	2/5

What the scorecard shows

No vendor scores above 4.0. Take Command leads primarily because of its licensed agent enrollment team — the only major platform with in-house licensed agents who can discuss specific plans with employees. That advantage is material for employers whose workforce needs enrollment guidance. StretchDollar leads on pricing transparency. Thatch leads on reimbursement UX. Every vendor scores low on "Honest Limits" — a structural outcome of vendor-published content. Gravie is the notable exception, publishing analysis that sometimes recommends against ICHRA.

PRO TIP — THE QUARTERLY UPDATE

This scorecard reflects Q2 2026 data. Vendors acquire competitors, change pricing, and update features continuously. The Thatch-Venture consolidation in early 2026 is a recent example. Insure|CHRA updates this scorecard quarterly at insureichra.com/scorecard. Employers should verify current pricing directly with any vendor before signing, and request all commitments in writing.

APTC Loss Calculator: Three Worked Examples

Why this matters: For employees earning 100–400% of the federal poverty level, an ICHRA allowance that's "affordable" under IRS rules can still produce a net financial loss versus staying on the Marketplace with subsidies. These examples show the real math.

The APTC (Advanced Premium Tax Credit) blocking rule is the employee's primary financial risk with ICHRA. When an employer's ICHRA is deemed "affordable" under the 9.96% threshold, an employee who would otherwise qualify for significant Marketplace subsidies loses them. Whether the ICHRA allowance adequately replaces the lost subsidy depends on three variables: (1) the allowance amount, (2) the LCSP premium in the employee's county, and (3) the employee's actual household income. The three examples below use 2026 FPL and premium data. Household incomes are illustrative; actual results depend on the employee's specific circumstances and filing status.

Disclaimer: These are illustrative calculations for educational purposes only. Tax credit amounts, LCSP premiums, and household income figures vary by individual circumstances, state, county, and tax year. Readers should use the official HealthCare.gov APTC estimator and consult a licensed insurance agent and CPA for their specific situation.

Example 1 — Single Employee, Age 30, Austin TX (Travis County)

Household income: \$36,000/year (239% FPL for single individual, 2026)

LCSP (Lowest Cost Silver Plan) in Travis County: ~\$320/month (illustrative; verify via HealthCare.gov)

Without ICHRA — Marketplace APTC scenario:

- Employee's contribution cap: $9.96\% \times \$36,000 / 12 = \$299/\text{month}$
- APTC subsidy: $\$320 - \$299 = \$21/\text{month}$ (modest subsidy at this income)

With ICHRA — employer offers \$400/month allowance:

- Remaining LCSP cost: $\$320 - \$400 = \$0$ (ICHRA exceeds LCSP cost)
- ICHRA is affordable; APTC blocked
- Employee can apply \$400 toward any individual plan, on or off exchange

Result: ICHRA wins by a significant margin. Employee has \$400/month — \$80 more than their LCSP cost — that can cover a more comprehensive plan or off-exchange options. Lost APTC: only \$21/month. Net gain vs. Marketplace: approximately **\$379/month**.

Example 2 — Family of 3, Indianapolis IN (Marion County), Age 42 Primary

Household income: \$62,000/year (246% FPL for family of 3, 2026)

LCSP for family in Marion County: ~\$940/month (illustrative)

Without ICHRA — Marketplace APTC scenario:

- Family contribution cap: $9.96\% \times \$62,000 / 12 = \$514/\text{month}$
- APTC subsidy: $\$940 - \$514 = \$426/\text{month}$

With ICHRA — employer offers \$300/month allowance (family):

- Remaining LCSP cost: $\$940 - \$300 = \$640/\text{month} > \$514/\text{month cap}$
- ICHRA is *unaffordable* (employee's remaining cost exceeds 9.96%)
- Employee may opt out and claim APTC (\$426/month)

Result: Employee opts out of ICHRA and claims \$426/month APTC. They pay \$514/month for LCSP. Employer saves \$300/month (no allowance paid out). Employee is financially better off by \$126/month vs. taking ICHRA. **Employer should design the opt-out notice carefully and consider whether a higher allowance would serve retention goals.**

Example 3 — Single Employee, Age 55, Rural Ohio (Appalachian County)

Household income: \$28,000/year (182% FPL for single individual, 2026)

LCSP in this rural county: ~\$680/month (older age + single carrier = high premium)

Without ICHRA — Marketplace APTC scenario:

- Contribution cap: $9.96\% \times \$28,000 / 12 = \$232/\text{month}$
- APTC: $\$680 - \$232 = \$448/\text{month}$

With ICHRA — employer offers \$400/month allowance:

- Remaining LCSP cost: $\$680 - \$400 = \$280/\text{month} > \$232/\text{month cap}$
- ICHRA is *unaffordable* — gap of \$48/month above cap
- Employee may opt out and access \$448/month APTC

Result: Even with a \$400/month ICHRA — a generous allowance — the employee is better off opting out in this rural market. APTC (\$448) exceeds the allowance (\$400) by \$48/month. Employer achieves zero benefits cost for this employee if they opt out. This is the rural-county problem in concrete math: high single-carrier premiums make Marketplace subsidies more valuable than most ICHRA allowances can match.

INSIDER NOTE — RUN THIS MATH BEFORE SETTING ALLOWANCES

Every one of these scenarios produces a different optimal decision — for both employer and employee. Employers who set a single flat allowance without running these calculations risk either (a) overpaying for employees who would prefer to opt out, or (b) blocking valuable subsidies with an allowance that doesn't meaningfully replace them. The affordability calculators at PeopleKeep, Take Command, and Thatch all perform this analysis, though each vendor presents the output through its own framing. The underlying math is the same; results should match across tools for the same inputs.

The 90-Day Rollout Playbook: Week-by-Week

Why this matters: *ICHRA requires a 90-day advance employee notice before the plan year begins. Most employers underestimate the operational lead time, missing their target start date or creating compliance exposure.*

Under current IRS guidance (26 CFR §54.9802-4 and Notice 2021-14), an employer must provide employees with a written ICHRA notice at least **90 days before** the start of the plan year. For a January 1, 2027 start, that notice deadline is **October 2, 2026**. This timeline assumes the CHOICE Act's proposed 60-day reduction has not yet been enacted; plan accordingly. The following 13-week framework is the template employers and brokers use to execute a compliant rollout.

- **Weeks 1–2: Decision & Vendor Selection**

Complete the 5-question ICHRA fit assessment (Ch. 1). Run affordability analysis by county (Ch. 2). Select vendor and sign contract. Request plan document template review. Budget: finalize allowance amounts per class (Ch. 3).

- **Week 3: Legal & Compliance Setup**

Engage benefits attorney to review plan document and SPD (or confirm vendor's standard documents meet current IRS guidance, including IRS Notice 2026-05 updates). Confirm PCORI fee responsibility. Execute HIPAA Business Associate Agreement with vendor. Verify IRS Form 1094-B/1095-B responsibility allocation.

- **Weeks 4–5: Employee Census & Class Configuration**

Submit complete employee census to vendor (name, address including county, hours, employment type, date of hire, benefit class). Configure ICHRA classes in vendor platform — full-time, part-time, geographic, etc. Confirm allowance amounts per class in platform.

- **Week 6: Notice Template Preparation**

Draft the formal ICHRA notice letter (required content per §54.9802-4 includes: ICHRA amount, plan year dates, opt-out deadline, Special Enrollment Period notice, contact information). Have letter reviewed. If the workforce includes Spanish-speaking employees, prepare the Spanish-language version.

- **Week 7: Internal HR Team Training**

Train HR staff, managers, and any employee-facing support staff on: what ICHRA is, how reimbursement works, how to answer "will I lose my subsidy?" questions, and where to direct employees for licensed agent support. Prepare FAQ document for employees. Do not have untrained managers attempt to explain APTC implications — refer to the vendor's licensed agent team.

- **Day 1 of Week 9 (90-day mark): Deliver Employee Notices**

Send the required ICHRA notice to every eligible employee — via documented delivery (email with read receipt, or paper with signed acknowledgment). Clock begins. This is the IRS-required notice date. Missing it creates potential ACA compliance exposure. Store delivery confirmations.

- **Weeks 9–11: Open Enrollment Period**

Employees shop for individual plans on the ACA Marketplace (or off-exchange through a licensed broker). Vendor-provided enrollment support (if included) is active. Monitor enrollment rates. Employees who intend to opt out submit their opt-out election by the vendor's deadline. Employees in eligible counties may qualify for a Special Enrollment Period triggered by the ICHRA offer.

- **Week 12: Coverage Verification & Reimbursement Setup**

Employees submit proof of qualifying individual health insurance coverage to the vendor platform (insurance card or declaration page). Vendor validates coverage. Reimbursement cadence begins: monthly for premium reimbursements, per-claim or card-based for out-of-pocket expenses depending on ICHRA design.

● **Week 13 + Plan Year Start: Go Live & First Reimbursements**

Plan year begins. First reimbursements processed. Monitor employee questions — the first 60 days of a new ICHRA see the highest support volume. Ensure vendor's employee support line is functioning and agent support is accessible. Schedule a 30-day check-in with vendor and HR team.

Common Timeline Failures — and Their Cost

- **Missing the 90-day notice window:** Employers who start the process 60 days before plan year often cannot achieve a compliant January 1 start. Options: delay to April 1 (new 90-day clock) or proceed with exposure and document good-faith compliance efforts — neither is ideal
- **Incomplete employee census:** Missing county-level addresses delays affordability calculations and notice preparation by 1–2 weeks
- **No licensed enrollment support for employees:** Without a licensed agent to help employees compare plans, opt-out rates rise and employee satisfaction falls

PRO TIP — MID-YEAR ICHRA LAUNCH

Employers who miss the January window often ask about mid-year starts. Under current rules, a mid-year ICHRA launch triggers a 90-day notice period from the employer's announcement. Employees who had individual coverage before the ICHRA offer may qualify for a Special Enrollment Period to change plans. Employees enrolled in group coverage who are terminating that coverage upon ICHRA adoption also have a 60-day SEP. Mid-year launches require careful coordination with the vendor's compliance team regarding prorated allowances and enrollment windows.

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Vendor Switching Guide: When, Why, and How

Why this matters: *ICHRA administrators are not interchangeable at plan year end — switching requires careful data migration, notice compliance, and plan document continuity. Most vendors don't explain the switching process because they don't want to encourage it.*

The ICHRA vendor market is consolidating rapidly. Thatch acquired Venteur's customer base in early 2026; Remodel Health acquired PeopleKeep in 2024. Employers who signed contracts with platforms that no longer exist — or who discover material service failures mid-year — need a clear process for evaluating and executing a vendor switch. Switching vendors incorrectly can create plan document gaps and IRS reporting complications.

When switching is worth considering

Trigger	Urgency	Notes
Vendor acquisition / platform sunset	High — act within 60 days of announcement	Request data export immediately; don't wait for transition deadline
Reimbursement delays exceeding 15 business days	Medium — document pattern first	File formal complaint with vendor; escalate if unresolved in 30 days
Affordability calculation errors discovered	High — correct before ACA filing deadline	Engage benefits attorney; may require amended 1095-B filings
Plan document not updated for current year guidance (e.g., IRS Notice 2026-05)	Medium-High — correct before next plan year	Request updated document; if vendor cannot provide, begin switch process
Price increase exceeding 15% at renewal	Low — evaluate at natural plan year renewal	Use as leverage in renewal negotiation before committing to switch
Workforce growth outpacing platform capabilities (e.g., growing from 40 to 150 employees)	Low — plan 6 months out	Evaluate enterprise-tier platforms (Remodel Health, SureCo, Take Command Enterprise)

The 5-Step Switching Process

- 1. Export data from current vendor** — request complete employee census, reimbursement history, coverage verification records, and all plan documents in portable format (PDF and CSV). Do this before terminating the agreement.
- 2. Review off-boarding terms in your contract** — identify any data-retention fees, termination notice requirements, or "run-out" periods during which the old vendor processes claims for the departing plan year.
- 3. Confirm plan year alignment** — switching vendors mid-plan-year is possible but requires the new vendor to adopt the existing plan document for the remainder of the year; plan year continuity matters for IRS reporting.

4. **Select new vendor and execute new plan documents** — the new vendor's plan document must cover the full plan year from its start date; an attorney should review for any gaps between the old document end date and new document start date.
5. **Notify employees and update enrollment records** — employees don't need a new 90-day notice for a vendor switch (they're not changing plan year or allowance amounts); they do need updated contact information for the new vendor's reimbursement portal and support team.

When switching back to group health is the right path

ICHRA is not irreversible. Some employers who try ICHRA discover after one plan year that: employee satisfaction declined significantly, plan shopping confusion created HR support burden beyond budget, or a key talent acquisition in a rural county made group coverage more practical. The IRS imposes no penalty for returning to group health — employers simply issue the appropriate notice and establish the new group plan on the standard timeline. The constraint is that employers cannot offer ICHRA and group health to the *same class* of employees simultaneously; phasing out ICHRA for a class requires a clean plan-year cutover.

PRO TIP — THE FORCED SWITCH SCENARIO

When Thatch acquired Venteur's customers in 2026, affected employers received transition notices with 60–90 days to migrate data and transition to Thatch's platform. Employers in a forced switch have limited leverage on timing. The key protection: contractual data portability guarantees, which should be negotiated at initial contract signing (see Ch. 8 checklist). Employers who secured data export rights in their original agreement navigated the Venteur-Thatch transition significantly more smoothly than those who did not.

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Key ICHRA Terms — English / Español

A bilingual reference for employers, HR professionals, and employees navigating ICHRA documentation. Spanish translations are provided for common use; for legal documents, consult a bilingual benefits attorney.

ICHRA (Individual Coverage Health Reimbursement Arrangement) — *Acuerdo de Reembolso de Seguro Médico Individual*

An employer-funded account from which employees are reimbursed, tax-free, for individually purchased health insurance premiums and qualified medical expenses. Created by IRS final rule effective January 1, 2020. Available to employers of any size with at least one W-2 employee.

QSEHRA (Qualified Small Employer HRA) — *Acuerdo de Reembolso de Seguro Médico para Pequeñas Empresas*

A simpler HRA variant available only to employers with fewer than 50 full-time-equivalent employees who do not offer a group health plan. 2026 contribution limits: \$6,450 (self-only) / \$13,100 (family). Unlike ICHRA, QSEHRA does not allow employee classes.

APTC (Advanced Premium Tax Credit) — *Crédito Fiscal Anticipado para Primas de Seguro*

Federal subsidy paid directly to insurance carriers to reduce monthly premium costs for individuals purchasing coverage on the ACA Marketplace. Available to households earning 100–400% of the federal poverty level (and under enhanced rules, above 400%). An affordable ICHRA blocks APTC eligibility.

LCSP (Lowest Cost Silver Plan) — *Plan de Plata de Menor Costo*

The ACA Marketplace silver-tier plan with the lowest monthly premium available in an employee's rating area. Used as the benchmark for ICHRA affordability calculations under IRS safe harbor rules. CMS publishes the LCSP Look-Up Table annually.

Affordability Threshold — *Umbral de Asequibilidad*

The IRS-defined percentage of income that an employee's remaining premium cost (after the ICHRA allowance) must not exceed for the ICHRA to be considered "affordable." Set at 9.96% for 2026. Adjusted annually by CMS.

Employee Class — *Clase de Empleado*

One of 11 IRS-permitted categories by which employers may divide their workforce to offer different ICHRA allowance amounts. Classes include full-time, part-time, seasonal, geographic, and others. Each class is defined in the plan document.

Plan Document — *Documento del Plan*

The legal instrument that establishes and governs the ICHRA. Required for all HRA arrangements under Section 105 of the Internal Revenue Code. Must include plan year dates, eligible employees, allowance amounts, reimbursable expenses, and substantiation requirements.

CHOICE Arrangement (H.R.1) — *Arreglo CHOICE (H.R.1)*

The proposed statutory name for ICHRA under the One Big Beautiful Bill Act (OBBBA), passed by the U.S. House of Representatives on December 17, 2025 and pending Senate action as of Q2 2026. If enacted, the CHOICE Arrangement would be codified in the Internal Revenue Code.

HSA (Health Savings Account) — *Cuenta de Ahorros para la Salud*

A tax-advantaged savings account available to individuals enrolled in a qualified High-Deductible Health Plan (HDHP). Contributions are pre-tax, growth is tax-free, and qualified withdrawals are tax-free. 2026 contribution limits: \$4,300 (individual), \$8,550 (family).

HDHP (High-Deductible Health Plan) — *Plan de Salud con Deducible Alto*

A health insurance plan with a minimum deductible set by the IRS (\$1,650 individual / \$3,300 family in 2026). Required for HSA eligibility. ICHRA allowances can be used to pay HDHP premiums under any of the four HSA-compatible design patterns.

ALE (Applicable Large Employer) — *Empleador Grande Aplicable*

An employer with 50 or more full-time-equivalent employees in the prior calendar year. ALEs are subject to ACA Employer Mandate (Sections 4980H(a) and (b)), which require them to offer affordable, minimum value coverage or face potential employer shared responsibility payments.

PEPM (Per Employee Per Month) — *Por Empleado Por Mes*

The standard fee structure used by most ICHRA administrators to charge employers for platform access and administration services. Fees typically range from \$8 to \$30 PEPM depending on vendor and service level.

Special Enrollment Period (SEP) — *Período de Inscripción Especial*

A 60-day window outside the standard ACA Open Enrollment Period during which individuals may enroll in or change Marketplace plans due to a qualifying life event. An ICHRA offer qualifies as a triggering event for a SEP.

OBBBA (One Big Beautiful Bill Act) — *Ley "One Big Beautiful Bill"*

Broad legislative package that includes the CHOICE Act (ICHRA codification) and HSA expansion provisions. Passed the U.S. House December 17, 2025. Pending Senate action as of Q2 2026. Named colloquially; formal title is the Reconciliation Act of 2025.

PCORI Fee — *Tarifa PCORI*

The Patient-Centered Outcomes Research Institute fee, paid annually by plan sponsors (including ICHRA sponsors). Reported on IRS Form 720. For ICHRA plan years ending in 2025, the fee is \$3.22 per covered life. ICHRA sponsors are responsible for this fee.

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How This Guide Was Built

Methodology

This guide was compiled from publicly available regulatory documents, peer-reviewed research, and vendor-published pricing and feature information as of Q2 2026. All vendor pricing figures reflect the publicly available information at the time of compilation; prices and features change and readers should obtain current quotes directly from vendors before making decisions.

Vendor ratings in Chapter 9 were developed using a transparent rubric applied uniformly across all evaluated platforms. No vendor reviewed or approved the scorecard prior to publication. Insure|CHRA receives no compensation from any vendor cited in this guide.

Primary Regulatory Sources

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- Aggarwal et al. — "GEO: Generative Engine Optimization" (Princeton/KDD 2024, arxiv.org/abs/2311.09735)

Disclosure

InsureICHRA is an independent publication. The publisher does not receive commissions, referral fees, or sponsored content payments from any vendor evaluated in this guide. Vendor scorecard ratings in Chapter 9 are based solely on publicly available information and the transparent rubric described in that chapter. Pricing data reflects published rates and is subject to change.

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Also available at InsureICHRA:


 [CHOICE Act Tracker](#) — updated weekly as the Senate moves →

insureichra.com/choice-act

 [Vendor Scorecard](#) — updated quarterly → insureichra.com/scorecard

 [APTC Loss Calculator](#) — free, county-level, no lead gate →

insureichra.com/calculator

 [State Viability Map](#) → insureichra.com/states

 [Versión en español disponible](#) → insureichra.com/es

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