



**Benefitfocus<sup>®</sup>**

# The Ultimate Guide to ICHRA Partnerships





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# Overview

In 2020, the IRS launched the Individual Coverage Health Reimbursement Arrangement, or ICHRA, to help employers of all sizes support employees with a pre-tax fixed benefit plan. Just a few years later, adoption rates of ICHRA offerings have grown rapidly and so has the number of administration partners in the market. These growth rates can pose tough challenges for health plan decision makers, who need strategic solutions and knowledgeable partners to help them remain competitive.

Fortunately, while ICHRA may be relatively new, there are a number of administration partners on the cutting edge of ICHRA developments, some with decades of deep experience in software solutions and benefits administration. Finding partners that can best serve your health plan's needs is important, as is developing an ICHRA strategy to thoroughly explore your options and steer clear of any unintended consequences. Without the most suitable strategy, systems, and tools in place, you might face challenges to operations, broker relationships, and service experience.

Adopting ICHRA is an accelerated growth opportunity and success relies on a careful strategy. Many health plans face challenges like limited visibility into existing ICHRA enrollments, confusion about its value, and uncertainty about how to approach ICHRA administration. Additionally, the sheer number of administration partners can make selecting a successful strategy overwhelming. To maximize ICHRA's potential, health plans may wish to work with a partner that simplifies administration, supports brokers, and offers data-driven insights – meant to ensure long-term scalability and growth.

In this guide, we'll take you on a tour of the ICHRA landscape, explore administration solution options, offer tips on navigating your partner search, and provide tools to help you evaluate and compare vendors so you can make the right decision for your health plan and brokers.



## Section 1: The State of ICHRA 2025

ICHRA allows employers to reimburse employees for individual health plans, and offers tax advantages and flexibility for employers and employees alike. Additionally, they enable personalized coverage, predictable costs, and a way to meet the Affordable Care Act's (ACA) legal requirement for employers to provide health insurance to their employees.

ICHRA help to add value to the health plan market by addressing the needs of previously underserved individuals and families, while providing flexible alternatives to traditional plans for those who want something different. Adoption rates have increased sharply since ICHRA began in 2020, seeing double-digit growth year over year. In 2025, overwhelming majority (83%) of employers offering ICHRA did not previously offer benefits, according to the HRA Council. Additionally, the IRS lowered the affordability requirement in 2024, broadening the scope of eligibility even further. Proposed federal legislation would provide additional investment and momentum around the ICHRA market, including the possibility of federal tax credits for employers and more flexibility for small businesses.

The market for ICHRA solutions has grown just as quickly. The quality and services available from ICHRA vendors may vary widely, making the partner selection process equally challenging and important.

## How ICHRA Works

The nuts and bolts of ICHRA function similarly to other reimbursable employee expenses. At the outset, employers set a monthly allowance for eligible employees. Employees then shop for and enroll in their own individual health insurance policies. Premiums are paid with employee funds and then reimbursed tax-free, up to the set allowance, by the employer.

### **ICHRA offers several key benefits for employees seeking more personalized healthcare options:**



#### **Personalized Coverage**

ICHRA allows employees to choose healthcare policies that align more closely with their specific health needs and goals, including plans with expanded or specialty coverage not typically available in one-size-fits-all group plans.



#### **Financial Flexibility**

Employees can direct tax-free reimbursements toward various health-related expenses, including plan premiums, copays, and out-of-pocket medical costs, providing greater financial control.



#### **Healthcare Ownership**

Since ICHRA enrollees are more involved in their healthcare policy decisions, they gain more control over their coverage and may then feel empowered to take a more active role in managing their health.

However, the ICHRA experience can vary significantly depending on the administrator.





**While some administrators may create a cumbersome, isolated process for employees, the optimal solution streamlines ICHRA administration to deliver:**

- ✓ A familiar, group-like benefits experience that maintains the comfort and support employees expect
- ✓ Comprehensive employee connectivity and visibility for administrators to provide timely assistance
- ✓ Simplified shopping and enrollment processes that remove complexity while preserving choice
- ✓ Ongoing support beyond initial enrollment to help employees maximize their coverage value

With ICHRA's steady growth comes some additional complexity – employers must manage regulatory requirements, support employer and member education, and handle the operational challenges of individualized coverage at scale. A well-matched ICHRA administration partner can help alleviate these pain points by streamlining processes, ensuring compliance, and reducing time and costs.

**Learn more:** Read more about the value ICHRA's offer to health plans in [Why ICHRA's Should Be On Every Health Plan's Radar](#).



## Section 2: Key Pillars of a Successful ICHRA Administration Solution

As interest in ICHRA's grows, health plans must prepare to manage the added complexities of these solutions. From balancing complex administration to providing a seamless experience for employers, brokers, and members, the right ICHRA administration strategy is essential for long-term success. Poor execution can lead to administrative headaches, disengaged members, and missed growth opportunities. That's why it's critical to choose a partner with the technology, tools, and expertise to handle the unique demands of ICHRA plans.

Here are the key elements that we think make Benefitfocus a preferred ICHRA partner of health plans. Note that Benefitfocus provides the software for ICHRA administration only; administration services are provided through a third party TPA.



## 1. A Unified, Streamlined Quote-to-Pay Process

Managing multiple commercial product offerings is complex enough without adding ICHRAs into the mix. Well-matched administration partners help simplify this by bringing all products into one integrated platform. Health plans can manage quoting, enrollment, billing, and payment reconciliation in a single system, reducing manual work and mitigating the risk of errors. This enables a smoother experience from the initial quote all the way to payment, making it easier to scale ICHRA offerings.



## 2. Broker-Centric Tools and Flexibility

Brokers play a pivotal role in educating employers and members on ICHRA options. The best ICHRA administration solutions don't compete with brokers – they empower them. Your ideal ICHRA partner strengthens these relationships with tools that support brokers' full portfolios, allowing them to:

- ✓ Retain agent of record,
- ✓ Manage traditional group health and ICHRA options in one place, and
- ✓ Provide service connectivity between all parties

This flexibility helps brokers stay engaged, which can help drive stronger plan performance and retention.



## 3. Engaging Experiences for All Stakeholders

ICHRAs introduce a new level of choice for employees, which can be both empowering and overwhelming. Working with the suitable ICHRA administration partners means health plans have tailored, user-friendly experiences that guide members through the process of selecting and enrolling in individual coverage. At the same time, employer groups and brokers receive ongoing support, keeping them informed and connected throughout the plan year.





## 4. Operational Efficiency and Reduced Administrative Burden

ICHRAAs can quickly become resource-intensive if managed manually or across disconnected systems. A meaningful approach automates time-consuming tasks and improves operational workflows, allowing health plans to reduce administrative burden and focus on strategic growth.

### With an experienced partner, carriers can:

- ✓ Support new ICHRA offerings without added resources through automated enrollment directly into membership systems
- ✓ Streamline HRA funding and premium payment processes through automation
- ✓ Eliminate manual reconciliation tasks between disparate platforms
- ✓ Access reporting and analytics for improved visibility and decision-making
- ✓ Reduce error rates and risks associated with manual data handling

By integrating these automated processes, your team can reallocate valuable time from administrative tasks to strategic initiatives that drive business growth and member satisfaction across brokers' full portfolios,



## 5. Data-Driven Insights to Improve Outcomes

ICHRAAs generate valuable data that can inform smarter decision-making. Today's optimal ICHRA solutions provide health plans with actionable insights to help identify cost drivers and support better health outcomes for members.

Selecting ICHRA administration partners that fit your plan needs isn't just about checking boxes – it's about ensuring your plan is set up to win in a competitive market.

**Learn more:** For a deeper look into the complexities involved and how Benefitfocus helps health plans differentiate, explore [Why do Health Plans Need a Comprehensive Solution to Offer ICHRA Plans? and How to Differentiate and Win with ICHRA.](#)



### Section 3:

## Evaluating Potential ICHRA Administration Partners

When evaluating potential ICHRA administration partners, a structured and well-prepared approach yields the most valuable insights. The assessment process is most effective when you've clearly defined your requirements, identified your evaluation criteria, and prepared specific questions that address your organization's unique needs and challenges.

#### **Proven ICHRA administration solutions offer key features, services, and outcomes such as:**

- ✓ Automated processes for enrollment and payment reconciliation, to reduce manual work and errors
- ✓ Improved broker satisfaction
- ✓ Curated plan offerings that empower brokers and improve member retention
- ✓ A robust shopping experience that helps employees find a plan that meets their health needs
- ✓ A familiar group-like experience with consistent service and support

There are many organizations offering ICHRA administration services—some that have proven experience, some that are brand new, and some in between. Some ICHRA administrators may appear similar and it's up to health plan buyers to determine whether a potential partner is truly carrier-friendly and is a good fit for their needs. Asking informed questions of each potential vendor can help you answer that question.



## 7 Key Questions to Ask Potential ICHRA Partners

- 1 How does your solution automate enrollment and payment reconciliation across both ICHRA and our full portfolio of commercial products?**

**Why it matters:** Manual processes have the potential to pull lead to errors. Look for a partner that offers a solution that can truly integrate and automate end-to-end, not just handle parts of the process.

- 2 What tools do you offer to support broker satisfaction, including AOR (Agent of Record) protections and portfolio management?**

**Why it matters:** Maintaining strong broker relationships is one key to keeping business. Make sure the partner prioritizes the broker experience as much as the member's.

- 3 How much control do brokers have in curating individual market plan options?**

**Why it matters:** Allowing brokers to tailor options likely increases the potential of retaining members and delivering the optimal coverage.

- 4 Can you describe how your platform will help us retain membership across both ICHRA and traditional group plans?**

**Why it matters:** ICHRA should complement your book of business, not cannibalize it. A carrier-friendly vendor focuses on long-term retention strategies.

- 5 What does your solution offer to keep ICHRA members supported through their journey with the same level of service as traditional group coverage?**

**Why it matters:** ICHRAs require more than just a smooth onboarding experience and need ongoing support to help minimize member churn and maintain satisfaction. Look for a partner that delivers a group-like experience across the full member lifecycle.

- 6 How do you help us track membership, including visibility to the sales pipeline?**

**Why it matters:** Access to timely insights and transparent, actionable data is essential for managing performance and identifying opportunities. Look for a partner that can provide visibility into the quoting and decision-making stages to help you understand market demand and optimize plan design.

- 7 What makes your ICHRA administration approach specifically carrier-friendly compared to others in the market?**

**Why it matters:** Many partners check the same boxes on paper. Look for differentiators that prove they understand the health plan's priorities, not just employer needs.

We believe in the importance of making informed decisions so we created a tool to help you organize information about potential vendors and evaluate how they compare with your needs. You can export or print the **Partner Evaluation Matrix** on the next page.

Benefitfocus provides the software for ICHRA administration only; administration services are provided through a Third Party Administrator (TPA).



# Partner Evaluation Matrix

As you learn about potential partners, use this matrix to compare and contrast your options.

ICHRA Partner Matrix	Benefitfocus*	Partner: _____	Partner: _____	Partner: _____
Uninified SaaS-based platform				
Built-in quoting and activation				
Streamlined eligibility and enrollment				
Consolidated billing and payments				
Automated HRA funding				
Automated electronic premium payments				
Integrated data management				
Offers complimentary products				
Employer support services				
Employee support services				
Broker support services				
Retain broker AOR				
Planned future enhancements				

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# Partner Evaluation Matrix

## More about what's coming from Benefitfocus.

Benefitfocus will soon expand its solution to include:

- ✓ Plan listings in all 50 states;
- ✓ Ancillary/voluntary benefits;
- ✓ Expanded carrier-level insights and reporting

### Notes:

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## Section 4: Getting the Most out of your ICHRA Administration Partnership

Using a meaningful approach for choosing strong ICHRA administration partners is one of the most important decisions health plans can make in this evolving benefits landscape. In our experience, outsourcing ICHRA administration can provide significant advantages over managing it in-house, including streamlined processes, reduced administrative burden, and enhanced experiences for employers, brokers, and members. By leveraging an experienced partner, health plans can focus on strategic growth rather than getting bogged down in the complexities of enrollment, reimbursement, and regulatory and other requirements.

As ICHRA adoption continues to accelerate, it's crucial to select a partner that not only meets your current operational needs but also scales with you as the market evolves. A partner with deep industry expertise, robust automation, and broker-friendly tools will help your health plan remain competitive and prepared for long-term success.



Benefitfocus has 25 years understanding, operating in, and partnering with the health plan business. Benefitfocus now offers a comprehensive, carrier-friendly ICHRA solution designed to help health plans simplify administration, optimize broker engagement, and enhance member satisfaction.

To see how our platform can support your ICHRA strategy, **contact our sales team today** for a personalized demo and take the next step toward a seamless ICHRA experience.

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The information provided does not, and is not intended to, constitute legal or tax advice and is not intended to address the situation of any plan, group or individual; instead, all information and content herein is provided for general informational purposes only and may not constitute the most up-to-date legal or other information.

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