

Health Care

New health plan option offers Colorado employers more flexibility during Covid-19

By Jensen Werley – Reporter, Denver Business Journal
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A new health reimbursement opportunity could provide Colorado employers and employees essential flexibility for maintaining health insurance during Covid-19.

The Individual Coverage Health Reimbursement Arrangement was approved at the federal level at the end of last year. Colorado brokers have been given the green light to let clients know about the reimbursement arrangement as an option, as long as they follow federal guidelines. The Colorado Division of Insurance is considering finalizing regulation on a version that is specific to the state's insurance system.

ICHRA is essentially cash for coverage. An employer who wants to offer insurance to employees will traditionally use a group plan. Group plans have their limitations, such as not covering part-time or seasonal employees. ICHRA allows all employees to select their own individual Affordable Care Act-approved health plans, the costs of which are partially reimbursed by employers at dollar amounts predetermined by employers.

Friday Health Plans, an Alamosa-based health insurance carrier that specializes in the individual market, is looking to spread awareness about ICHRA.

More people opting into ICHRA means more people getting individual insurance, said Tracy Faigin, Friday's chief marketing and experience officer.

Faigin said ICHRA isn't just good for her company but has broader benefits. Employees can choose their health insurance from all of the carriers on the individual market in their area, rather than selecting from one or two group plan options. And their insurance isn't tied to their employer.

"The beautiful thing about ICHRA is you do have the option to choose," she said.

Rather than have health care be a variable cost, employers can have a fixed amount set aside for employees every month allocated to health care. The program allows very small businesses to contribute to employees' health care, even if all they can budget is \$100 per month. And most employees — full-time, part-time and seasonal — can be covered. An employer can also make the switch mid-year, if its budget just won't sustain current health care coverage due to complications caused by the pandemic.

Faigin sees both small and large groups considering ICHRA.

“Companies are looking for ways to save money but are also looking for ways to take care of their employees,” she said. If group plans are too expensive or the prices fluctuate too much, it could be a deterrent to the business from providing coverage. “If you know you can afford X amount a month, this way you can have an option to continue health coverage for employees. A potential way to save costs is to fix costs.”

Kevin Patterson, CEO of Connect for Health Colorado — the state’s health insurance exchange — said he sees ICHRA as a tool in the tool box for employers and employees.

“You have to look at coverage as a continuum,” he said. “Who fits that particular need. ICHRA can be part of the toolkit you have to help people find coverage that’s best for them.”

Patterson said that selecting coverage can be complicated; some plans might be better for a person than others, and some people might be eligible for subsidies.

“It’s important for customers to understand this is a relatively new tool we have available to us in the health care space,” he said. “It’s probably really important for people to talk to a good broker they know or tax preparer they work with.”