

Is Your Group Health Renewal Going Up Again?

There's a better way to offer health benefits — predictable, flexible, and fully ACA-compliant.

Introducing the **CHOICE Arrangement** — formerly known as the ICHRA.

Large-employer adoption more than doubled in 2026 · HRA Council

What Is a CHOICE Arrangement?

A CHOICE Arrangement — formerly the ICHRA (Individual Coverage Health Reimbursement Arrangement), renamed by CMS and the SBA in September 2026 — replaces the group plan and its unpredictable premium hikes. You give each employee a fixed monthly allowance to purchase their own health insurance, and reimburse them tax-free. The rules haven't changed.

1

You Set the Budget
Fixed per-employee contribution each month. No surprises at renewal.

2

Employees Choose Plans
Each person picks coverage that fits their doctors, family, and budget.

3

Tax-Free Reimbursement
You reimburse up to your set amount. No payroll taxes for either side.

YOU CONTROL COSTS. THEY CONTROL COVERAGE.

Why Not Just Add Cash to the Paycheck?

CASH STIPEND

\$350

What a \$500/mo stipend is actually worth after taxes

Assumes a ~30% combined income and payroll tax rate.

CHOICE ARRANGEMENT

\$500

100% tax-free — the full amount goes to coverage

Cash stipends have three problems: they're taxed as wages, tying them to insurance purchases risks IRS penalties, and there's no proof employees actually get covered.

A CHOICE Arrangement solves all three: tax-free reimbursements, full ACA compliance, and documented proof of coverage on file.

Why Employers Are Making the Switch



Predictable Budgeting
Group premiums can jump after a bad claims year. With a CHOICE Arrangement, your per-employee cost is fixed.



Workforce Flexibility
Works across states, part-time staff, and high-turnover teams. No carrier restrictions or minimums.



Escape Experience Rating
One bad claim won't spike your rates. Individual premiums based on age and location, not your claims.

What Your Employees Get



Choice

Their own doctors, networks, and plan type — including HSA-eligible options.



Portability

They can keep their plan if they leave by paying the premium themselves — no COBRA needed, no coverage gaps.



Right Fit

Coverage matched to their family — not a one-size-fits-all group plan.

Customize by Employee Class

Federal rules let you create employee classes with different contribution amounts. You define the structure — we handle compliance.

Class Categories	Example Contributions
› Full-time vs. part-time › Salaried vs. hourly › Geographic location › Seasonal vs. non-seasonal	✓ Full-time: \$500/month ✓ Part-time: \$250/month ✓ Higher for employees in other states ✓ Age-based tiers near Medicare

"I don't want to dump my employees into the marketplace with no support."

We assign a dedicated agent to each employee — we present options, handle enrollment, and answer questions. Your employees are never left navigating alone.

Implementation & Support

Getting Started

- ✓ CHOICE Arrangement plan document prepared
- ✓ Employee notice 90 days before effective date
- ✓ Dedicated agent assigned to each employee
- ✓ We handle plan presentation, comparison & enrollment

Ongoing Each Year

- ✓ Annual contribution level review
- ✓ ACA affordability compliance verification
- ✓ Market and premium change updates
- ✓ We stay in front of problems proactively

Good to Know

Premium Tax Credits

If your CHOICE Arrangement offer is "affordable," employees can't claim ACA subsidies. If "unaffordable," they can opt out and claim credits instead. We help every employee calculate the best path.

Older Employees

Individual premiums are age-rated. A CHOICE Arrangement lets you offer higher contributions for older age bands, up to 3× the youngest — e.g., \$500/month under 40, \$800+ near Medicare. Transparent and adjustable.

History of the CHOICE Arrangement

HRAs have existed since 2002, but rules limited their use for individual premiums. The 21st Century Cures Act (2016) created a small-employer version. The broader fix came in 2019, when federal regulators established the ICHRA — effective January 1, 2020. For the first time, employers of any size could reimburse individual health insurance premiums tax-free, with no cap. In September 2026, CMS and the SBA renamed it the CHOICE Arrangement; the rules stayed the same.

Ready to See If a CHOICE Arrangement Is Right for Your Company?

We'll run a custom cost comparison — your current plan vs. a CHOICE Arrangement — at no charge.

Visit healthplansofnc.com/group

Call 800-797-0327