A NEW WAY TO OFFER HEALTH BENEFITS: CHOICE Arrangements

What Is a CHOICE Arrangement?

A CHOICE Arrangement is a type of health reimbursement arrangement (HRA) that allows you to give your employees tax-free money to buy their own individual health insurance, instead of offering a traditional group health plan. CHOICE Arrangements were previously known as Individual Coverage Health Reimbursement Arrangements (ICHRAs). Instead of selecting one or more group health plans for everyone, you can provide your employees with a fixed dollar amount that they can use to purchase their own individual health insurance coverage and possibly cover their family members if you choose to offer the CHOICE Arrangement to family members, too.

What are benefits of offering a CHOICE Arrangement?

Employers may consider offering a CHOICE Arrangement for different reasons including the structure of their workforce, budget considerations, and administrative needs. Some employers may explore CHOICE Arrangements because their traditional group health plan premiums have increased significantly from year to year. Employers (particularly smaller employers) may also be looking for a way to offer a health benefit for the first time and want to do it in a way that offers flexibility and more choice to their employees. This ability to offer greater choice and flexibility may help employers compete for employee talent. Other employers may have workforces that are difficult to support through a traditional group plan, such as those with employees in multiple states.

What is eligible coverage with a CHOICE Arrangement?

These arrangements can be used to reimburse premiums for the following qualifying coverage:

- Individual health insurance purchased on the Marketplace (such as through HealthCare.gov),
- Individual coverage purchased directly from an insurance company or facilitated by an agent or broker directly with a health plan or through an online enrollment platform ("off-Exchange"),
- Medicare Part A and Part B, or
- Medicare Advantage (Part C)

Why Now?

Before CHOICE Arrangements, if you wanted to offer health benefits, you were largely limited to offering a traditional group health plan. Now, instead of selecting one or more group health plans for everyone, you can offer CHOICE Arrangements to give your employees a fixed dollar amount to purchase their own individual health insurance coverage. You can even choose to offer the CHOICE Arrangement to cover their family members, too.

Three Simple Steps to Get Started:

1. Learn the basic structure of CHOICE Arrangements
2. Estimate your costs and see if it's a good fit for your workforce
3. Connect with a broker or Third-Party Administrator (TPA) to see how they can support you in evaluating this arrangement

One Website, Everything You Need – A new federal website gives you helpful information, including:

- An easy-to-understand overview of CHOICE Arrangements
- A cost and contribution calculator
- Information on how to get help exploring CHOICE Arrangements

You don't have to manage everything yourself. Explore how brokers and TPAs can handle administration and technology tasks to allow you to focus on your business and your employees. No sales pitches. No vendor pressure. Just clear information, on your terms.

Get Started

Visit **www.cms.gov/choicearrangements** for a no-pressure way to learn the basics, run the numbers, and find help.