



Individual Coverage ICHRA

Notice - January 1, 2025

This Notice is posted at <http://cherished1.co/payroll>

USE THIS NOTICE WHEN APPLYING FOR INDIVIDUAL HEALTH INSURANCE COVERAGE

You are getting this notice because Cherish is offering you an Individual Coverage Health Reimbursement Arrangement (ICHRA).

Cherish employees are variable hourly employees. To qualify for participation in the Individual Coverage HRA the employee must have worked a minimum average of 30 hours per week in the previous calendar year. To participate in an ICHRA employees will need to maintain coverage in a qualified individual plan. There are qualifying life events that can trigger a special enrollment period. Because Cherish uses a lookback period for qualification – COBRA (Consolidated Omnibus Budget Reconciliation Act) may allow you to continue for the insurance period if your employment ends if you continue to make your payment.

HOW IT WORKS:

1. You purchase the Health Insurance and submit claims and Cherish will pay the employer's share.
2. Cherish will reimburse you and your qualified dependents for the employer's share of the lowest cost silver health plan that you chose.
3. You can choose a better plan, but you must pay more.
4. The reimbursement rate that Cherish pays depends upon age and family size.
5. The amount that you pay must be affordable according to the ACA affordability guidelines and not exceed 9.02% of your household income. (Example: the household income is \$50,000 for last year, the affordability threshold would be \$4,600.00 annually. ($\$50,000 \times 9.02\%$ - your monthly cost would be $\text{Household Income} \times 0.092 / 12$.)
6. You can work with any insurance broker, contact Joel Hawley (218) 400-1665 or one of the MNSure certified brokers at "The Network" at this phone number to find out specifically what your share of your insurance premium will be. Just call and tell them you work at Cherish and you need health insurance. They will need your annual household income.

Please read this notice before you decide whether to accept the HRA. In some circumstances, your decision could affect your eligibility for the premium tax credit. Accepting the Individual Coverage HRA and improperly claiming the premium tax credit could result in tax liability.

This notice also has important information that the Exchange (known in many states as the “Health Insurance Marketplace”) will need to determine if you are eligible for advance payments of the premium tax credit. An Exchange operates in each state to help individuals and families shop for and enroll in individual health insurance coverage. You may also need this notice to verify that you are eligible for a special enrollment period to enroll in individual health insurance coverage outside of the annual open enrollment period in the individual market.

I. The Basics

What should I do with this notice? Read this notice to help you decide if you want to accept the HRA.

Also, **keep this notice** for your records. You’ll need to refer to it if you decide to accept the HRA and enroll in individual health insurance coverage, or if you turn down the HRA and claim the premium tax credit on your federal income tax return.

If you wish to participate in the Individual Coverage HRA that is being offered to you, you MUST complete and mail or fax in the form in this packet. Questions: Contact Cherish HR at (218) 263-9000

What’s an Individual Coverage HRA?

Individual health insurance is for anyone who does not have access to an employer-sponsored or government run health coverage. An Individual Coverage HRA is an arrangement under which your employer reimburses you for your insurance premium expenses, up to a certain dollar amount for the plan year. If you enroll in an Individual Coverage HRA, **you must also be enrolled in** individual health insurance coverage or Medicare Part A (Hospital Insurance) and B (Medical Insurance) or Medicare Part C (Medicare Advantage) (collectively referred to in this notice as Medicare) for each month you are covered by the HRA. Only a portion of your insurance premium will be paid by Cherish in accordance with ACA affordability guidelines.

The Individual Coverage HRA you are being offered is employer-sponsored health coverage. This is important to know if you apply for health insurance coverage on the Exchange. **Note:** There are different kinds of HRAs. The HRA that’s being referred to throughout this notice, and that your employer is offering you, is an **Individual Coverage HRA**. It is not a Qualified Small Employer Health Reimbursement Arrangement (QSEHRA) or any other type of HRA.

What are the basic terms of the Individual Coverage HRA that my employer is offering?

- (1) The maximum dollar amount available for each participant in the HRA is the amount paid for individual health insurance (ACA Silver Plan) minus the employee required contribution percent (according to the IRS determined percentage household income (currently 9.02%). **Note:** You should tell the insurance broker that you (and your dependents) are covered for the plan year. If you apply for health insurance coverage through the Exchange, this is the amount the Exchange will use to figure out if your HRA is considered affordable. You should use your previous year’s income from your W-2 multiplied by the IRS determined percentage to determine the amount of your HRA that you will be responsible to pay.
- (2) In general, this year your HRA coverage will start on January 1, 2025. However there are life-changing events that could make the enrollment period different for your specific situation.
- (3) The HRA plan year begins on **January 1** and ends on **December 31**.

Note: You will need this information if you apply for health insurance coverage through the Exchange.

Can I opt out of the Individual Coverage HRA?

Yes. **If you do not notify Cherish that you are interested in participating the Individual Coverage HRA within 30 days of this notice, you will be considered opting out.** You can participate in the ICHRA by sending in writing (the last page of this letter) that you are choosing to opt in to the Cherish office 2900 E. Beltline #8 Hibbing MN

If I accept the Individual Coverage HRA do I need to be enrolled in other health coverage too?

Yes. You must be enrolled in individual health insurance coverage or Medicare for each month you are covered by the HRA. You may not enroll in short-term, limited-duration insurance or only in excepted benefits coverage (such as insurance that only provides benefits for dental and vision care) to meet this requirement.

II. Getting Individual Health Insurance Coverage

How can I get individual health insurance coverage?

If you already have individual health insurance coverage, you do not need to change that coverage to meet the HRA's health coverage requirement. If you don't already have individual health insurance coverage, you can enroll in coverage through the Exchange or outside of the Exchange – for example, directly from an insurance company.

Note: If you would like insurance contacts please call the Cherish office, but the choice of insurance provider and plan is up to you. The plan you chose must meet or exceed the minimum Affordable Care Act requirements.

When can I enroll in individual health insurance coverage?

Generally, anyone can enroll in or change their individual health insurance coverage during the individual market's annual open enrollment period from November 1 through December 15. (Some state Exchanges may provide additional time to enroll.) If your Individual Coverage HRA starts on January 1, you generally should enroll in individual health insurance coverage during open enrollment.

In certain circumstances, such as when your Individual Coverage HRA starts on a date other than January 1 or if you are newly hired during the HRA plan year, you can enroll in individual health insurance coverage outside of open enrollment using a special enrollment period.

If you qualify for a special enrollment period, make sure you enroll on time:

- If you are newly eligible for HRA coverage that would start at the beginning of the HRA plan year, you generally need to enroll in individual health insurance coverage within the 60 days before the first day of the HRA plan year.
- If the HRA was not required to provide this notice 90 days before the beginning of the plan year, or you are newly eligible for HRA coverage that would start mid-plan year (for example, because you are a new employee), you may enroll in individual health insurance coverage up to 60 days before the first day that your HRA can start or up to 60 days after this date. **Enroll in individual health insurance coverage as soon as possible** to get the most out of your Individual Coverage HRA.

Note: If you enroll in individual health insurance coverage through a special enrollment period, you may need to submit a copy of this notice to the Exchange or the insurance company to prove that you qualify to enroll outside of the open enrollment period. For more information on special enrollment periods, visit HealthCare.gov or the website for the Exchange in your state.

Do I need to get new individual health insurance coverage each year if I want to enroll in my Individual Coverage HRA each year?

Yes. Individual health insurance coverage is typically sold for a 12-month period that is the same as the calendar year and ends on December 31. If your HRA starts on January 1, you will either need to get new individual health insurance coverage or re-enroll in your individual health insurance coverage. If your HRA has a plan year that starts on a day other than January 1, because your individual health insurance coverage will stay in effect until December 31, you do not need

to get new individual health insurance coverage or re-enroll until the next open enrollment period. If you are enrolled in Medicare, your Medicare coverage generally will remain in place year to year.

Do I need to substantiate my enrollment in individual health insurance coverage or Medicare to the Individual Coverage HRA?

Yes. You must substantiate that you will be enrolled in individual health insurance coverage or Medicare for the period you will be covered by the HRA. The HRA requires a bill or receipt indicating that you were insured, and the cost be submitted to the Cherish HR Office within 30 days of your insurance statement or receipt. Cherish will pay a portion of this bill. Also, each time you seek reimbursement of a medical care expense from the HRA, you must substantiate that you had (or have) individual health insurance coverage or Medicare for the month during which the expense was incurred. The HRA requires a bill or receipt indicating that you were insured, and the cost be submitted to the Cherish HR Office.

What happens if I am no longer enrolled in individual health insurance coverage or Medicare?

If you are no longer enrolled in individual health insurance coverage or Medicare, the HRA won't reimburse you for medical care expenses that were incurred during a month when you did not have individual health insurance coverage or Medicare. This means that **you may not seek reimbursement for medical care expenses incurred when you did not have individual health insurance coverage or Medicare.**

Note: You must report to the HRA if your individual health insurance coverage or Medicare has been terminated retroactively and the effective date of the termination.

III. Information About the Premium Tax Credit

What is the premium tax credit?

The premium tax credit is a tax credit that helps eligible individuals, and their families pay their premiums for health insurance coverage purchased through the Exchange. The premium tax credit is not available for health insurance coverage purchased outside of the Exchange. Factors that affect premium tax credit eligibility include enrollment in Exchange coverage, eligibility for other types of coverage, and household income.

When you enroll in health insurance coverage through the Exchange, the Exchange will ask you about any coverage offered to you by your employer, including through an HRA. Your ability to claim the premium tax credit may be limited if your employer offers you coverage, including an HRA.

The Exchange also will determine whether you are eligible for advance payments of the premium tax credit, which are amounts paid directly to your insurance company to lower the cost of your premiums. For more information about the premium tax credit, including advance payments of the premium tax credit and premium tax credit eligibility requirements, see [irs.gov/aca](https://www.irs.gov/aca).

If I accept the Individual Coverage HRA, can I claim the premium tax credit for my Exchange coverage?

No. You may not claim the premium tax credit for your Exchange coverage for any month you are covered by the HRA. Also, you may not claim the premium tax credit for the Exchange coverage of any family members for any month they are covered by the HRA.

If I opt out of the Individual Coverage HRA, can I claim the premium tax credit for my Exchange coverage?

It depends.

- If you opt out of the HRA and the HRA is considered **unaffordable** you **may claim** the premium tax credit for yourself and any family members enrolled in Exchange coverage if you are otherwise eligible.

- If you opt out of the HRA and the HRA is considered **affordable**, you **may not claim** the premium tax credit for yourself or any family members.

If you are a former employee, the offer of an HRA will not prevent you from claiming the premium tax credit (if you are otherwise eligible for it), regardless of whether the HRA is considered affordable and as long as you don't accept the HRA.

How do I know if the Individual Coverage HRA I've been offered is considered affordable?

The Exchange website will provide information on how to determine affordability for your Individual Coverage HRA. To find Minnesota's state's Exchange, visit <https://www.mnsure.org/>

Do I need to provide any of the information in this notice to the Exchange?

Yes. Be sure to have this notice with you when you apply for coverage on the Exchange. If you're applying for advance payments of the premium tax credit, you'll need to provide information from the answer to "What are the basic terms of the Individual Coverage HRA my employer is offering?" See page 3. You will also need to tell the Exchange whether you are a current employee or former employee.

If I'm enrolled in Medicare, am I eligible for the premium tax credit?

No. If you have Medicare, you aren't eligible for the premium tax credit for any Exchange coverage you may have.

IV. Other Information You Should Know

Who can I contact if I have questions about the Individual Coverage HRA?

Contact: Cherish HR (218) 263-9000

Subject to ERISA that meets the safe harbor set forth in 29 CFR 2510.3-1(l):

Is the individual health insurance coverage I pay for with my Individual Coverage HRA subject to ERISA?

The individual health insurance coverage that is paid for with amounts from your Individual Coverage HRA, if any, is not subject to the rules and consumer protections of the Employee Retirement Income Security Act (ERISA). You should contact your state insurance department for more information regarding your rights and responsibilities if you purchase individual health insurance coverage.

Is my family covered?

Your health care coverage may include your family in your individual health insurance coverage or Medicare for each month they are covered by the HRA, however, only the employee and dependents are eligible for their portion to be reimbursed under this HRA agreement.



HRA Acceptance or Refusal Form

Please return this completed form whether or not you decide to opt in or out to Cherish LLC by 10/30/2024 - Thank You

I, _____ (print name)

- Yes**, I am choosing to participate in the Cherish ICHRA I have been offered.
- No**, I do not want to participate in the Cherish ICHRA, I am choosing to opt out.

You can participate in the Individual Coverage HRA by sending in this form stating that you are choosing to accept the Cherish LLC ICHRA -

**Please mail this form to: Cherish LLC
2900 E. Beltline #8
Hibbing MN 55746**

If you do not notify Cherish that you are interested in participating in the Individual Coverage HRA by the date shown above on this notice, you will be considered opting out. *Upon termination of employment, or failure to continue the employees share of the health insurance payment the participant’s HRA is forfeited.*

Required Monthly Documentation if you are choosing to participate:

Supporting documentation. A copy of documentation required with original date of invoice (not the date of payment) Do not highlight any part of your documentation. Be sure to keep your original receipts, bills, etc. for your records. All requests must include the following information within 30 days of date on bill, etc. to be eligible for reimbursement.

- Fax to: (218) 263-8336
- Mail to: 2900 East Beltline #8, Hibbing MN 55746
- Email to: kim@cherished1.co

If you have any questions, please contact the Cherish office at (218) 263-9000 and ask for the Human Resource Department

Signature: _____

Date: _____

Entire Healthcare letter can be found online: <http://cherished1.co/payroll>