nexben

Defined Contribution vs Traditional Group Health Plans

	Defined Contribution (ICHRA)	Traditional Group Benefit Plan
Works with Your Benefits Consultant	✓	✓
ACA Compliant	✓	✓
Employer Sponsored	✓ An ICHRA is a group health plan	✓
Tax Advantaged	✓ The employer's reimbursements do not count toward the employee's taxable wages	✓
Administrative Complexity	✓ Low with the right partner	✗ Moderate to high
Financial Risk	✓ Low as the employer's financial risk is limited to the employee contribution that they designate for each employee class	✗ Moderate to high
Minimum Participation Requirements	✓ None	✗ Plan dependent
Speed to Implementation	✓ 45-days or less	✗ 30 days to 6+ months
Cost Control	✓ A fixed allowance for each employee allows for cost predictability	✗ Employers lack control of annual rate increases or claims experience
Additional Fees	✓ With Nexben there is only one per enrollee per month administrative fee	✗ When self-insured, an employer may have administrative fees, individual stop-loss, aggregate stop-loss, unbundled pharmacy, wellness, reporting fees, and more
Employee Options	✓ Employees choose from available individual health insurance plans options in their area	✗ Options are limited to employer selected plans
Premium	✓ Rates are dictated by the stable individual carrier market	✗ Rates are dictated by claims fluctuation and annual increases
Employee Classifications	✓ Companies can offer different contribution amounts to 11 different classes	✗ Employers cannot create different contributions based on employee classification
Portability	✓ Employees owns the policy and can take it with them	✗ Employer owns the benefit plans
Employee Experience	✓ Employees feel more empowered, are more proactive consumers of their benefits	✗ Employees rely on employer to educate and provide support for their benefits