BENAFICA × CBIZ PARTNER PLAYBOOK

Plan Design & Compliance Reference

ICHRA Resource Library

1 What Are ICHRA Classes?

ICHRA classes allow employers to group employees and offer benefits differently across those groups. This creates flexibility while maintaining compliance.

Classes make it possible to:

- Offer ICHRA to some employees and a group plan to others
- Provide different contribution levels across employee segments
- Design benefits that align to workforce structure

2 The 11 Permitted ICHRA Classes

The IRS defines 11 permitted class types. Employers can use any of these individually or combine them — as long as the group is clearly defined and applied consistently.

1. Full-time employees
2. Part-time employees
3. Seasonal employees
4. Salaried employees
5. Hourly employees
6. Employees in different geographic locations
7. Employees covered by a collective bargaining agreement
8. Employees in a waiting period
9. Employees working abroad
10. Temporary employees (via staffing firm)
11. A combination of the above

3 Key Compliance Rules

Within a class — employees must be treated the same:

- Same eligibility rules
- Same contribution structure
- Same benefit offering

Across classes — differences are allowed:

- Contribution amounts can vary
- Eligibility can vary
- Benefit strategy can vary

Minimum class sizes apply when offering both a group plan and an ICHRA simultaneously:

Employer Size	Minimum Class Size
Under 100 employees	10 employees per class
100–200 employees	10% of total employees
200+ employees	20 employees per class

4 What Is Not Allowed

The following are not permitted ICHRA classes:

- 1099 contractors
- Self-employed individuals
- Former employees
- Classes based on job title
- Classes based on tenure
- Classes based on religion or similar attributes

5 Owner Eligibility

Owner eligibility depends on business structure. This is one of the first questions to clarify when working with a small business.

Business Structure	Eligible?	Notes
C-Corporation Owners	Yes	Eligible for tax-advantaged reimbursements.
S-Corp Owners (2%+)	No	Considered self-employed. Adjust compensation instead.
Partners / Sole Proprietors	No	Considered self-employed. Adjust compensation instead.

6 Structuring Contributions

Employers control how much they contribute and how those funds can be used.

Employers can:

- Set a fixed monthly allowance per class
- Choose whether funds cover premiums only, or premiums plus qualified medical expenses

Contributions can vary by:

- Employee class
- Age
- Family size

> Age ratio rule: The oldest employee in a class cannot receive more than 3x the contribution of the youngest employee in that same class.

Geographic contribution example:

State	Monthly Allowance	Rationale
Georgia (GA)	$600 / month	Lower regional premium costs
North Carolina (NC)	$750 / month	Higher regional premium costs

7 How Classes Are Used in Practice

These are the most common class strategies brokers use when structuring an ICHRA.

Full-Time vs Part-Time	Geographic Segmentation
Full-time employees receive a higher contribution or a different benefit structure. Part-time employees receive a lower contribution or an alternate structure.	Contributions are adjusted to reflect regional premium differences. Example: GA employees receive $600/mo, NC employees receive $750/mo.
Group Plan + ICHRA Strategy	**First-Time Benefits Offering**
Core employee population stays on the group plan. Distributed or harder-to-cover employees move to ICHRA — without disrupting existing coverage.	ICHRA is offered across all employees. Classes are used to vary contribution levels by employee type or location without requiring a group plan.

Key Takeaways

- ICHRA classes allow employers to design benefits around their workforce structure.
- Employees within a class must be treated consistently — same eligibility, same contribution.
- Different classes can receive different contribution amounts and benefit strategies.
- Minimum class sizes apply when combining a group plan and an ICHRA.
- Contribution flexibility — by class, age, and family size — is one of ICHRA's strongest advantages.
- Proper class structure is critical for compliance and long-term success.