

A man with short dark hair, wearing a light blue denim button-down shirt, is smiling and looking down at a tablet computer he is holding with both hands. The background is a dark, blurred indoor setting. The overall color palette is dominated by blues and greys.

The State of

ICHRA 2024

An Inflection Year for Health Benefits

SureCo

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Introduction

You may have begun hearing more about ICHRAs, the employer-sponsored health benefit option introduced by the Departments of Health and Human Services, Labor, and the Treasury several years ago.

ICHRAs, or Individual Coverage Health Reimbursement Arrangements, allow companies to move away from the unpredictable costs and generic coverage of group benefit plans, while offering employees affordable, customized health coverage that they choose for themselves.

Even companies that have heard of ICHRAs are still understanding their veracity and long-term position in the market. But since their introduction in 2020, **ICHRAs have been revolutionizing health benefits for employers and employees across the U.S.** and gaining momentum—fast. A staggering 42% of medium and large employers say they are considering the model of health insurance for their upcoming renewal cycle¹.

In This Guide, You'll Learn:

- ✔ What ICHRAs Have to Offer
- ✔ Companies That Have Already Moved to the Model
- ✔ Misconceptions About ICHRAs
- ✔ The Benefits Consultant's Perspective
- ✔ What the Market Is Saying About the Future of ICHRAs



In the same way that 401(k)s rapidly took the place of pension plans, ICHRAs are individualizing and transforming employees' relationships to their health benefits.

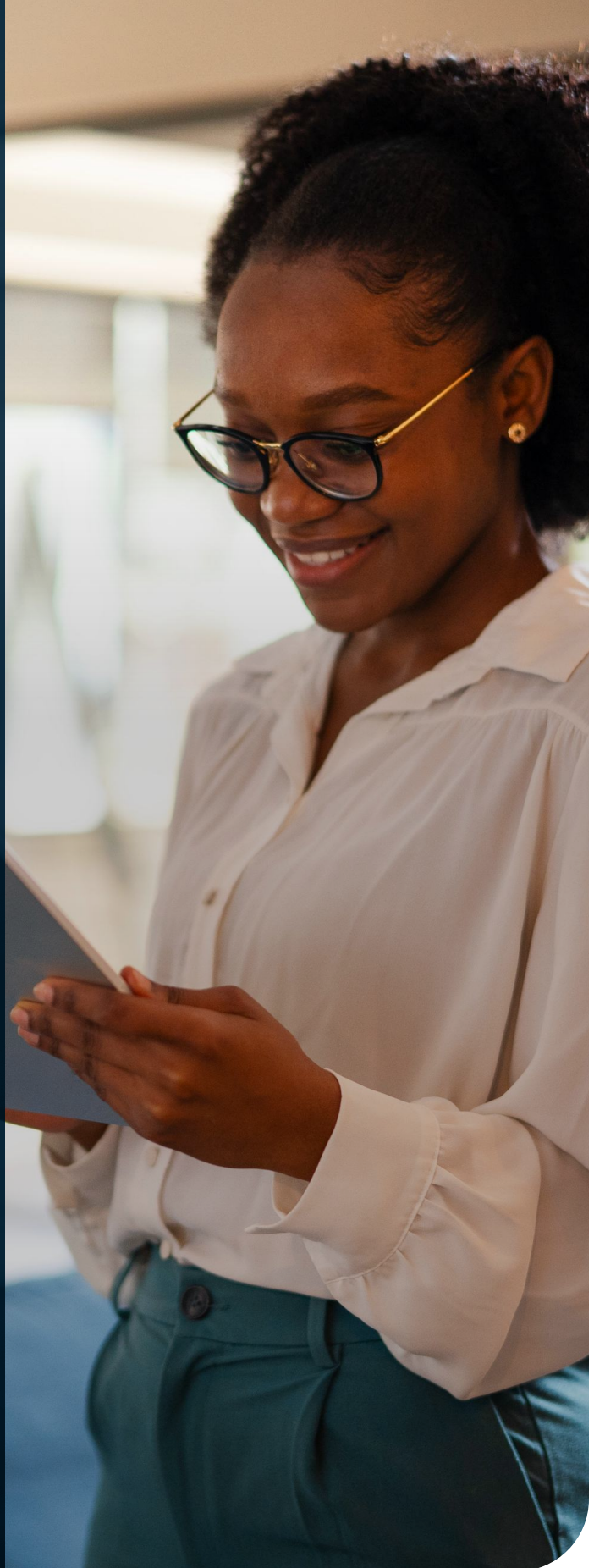




Table of Contents

Evolution of ICHRA	03
Who's Already Made the Switch?	04
Why Large Employers Are Moving to ICHRAs Right Now	06
Common Misconceptions	08
ICHRA Satisfaction	09
Featured Case Study: Ansafone	10
The Future of ICHRA	11
Conclusion	12
About SureCo	13
Sources	13

Insights and findings in this report are based on comprehensive market research conducted by SureCo, in partnership with independent research firm Censuswide. Our analysis is based on in-depth responses from thousands of employees, employers, and health benefits consultants, aimed at providing the most accurate and up-to-date review of the ICHRA market in the United States.

Evolution of ICHRAs

What Is an ICHRA?

A company with an ICHRA makes pre-tax contributions toward its workers' premiums on the individual market. Employees choose the plan that best meets their unique needs, and employers contain costs by eliminating the risk of high claims that drive up prices in group plans.

While ICHRAs are relatively new, legislators laid the foundation for the model for over a decade. Here's how—and when—ICHRAs came to be.

The Groundwork for ICHRA Has Been Built Over the Past Decade

2010

Affordable Care Act (ACA) is passed, opening the individual health coverage market.

2011

10.5 million people enroll in an ACA Health Insurance Marketplace plan².

2016

21st Century Cures Act passed, and ICHRA's precursor, the Qualified Small Employer Health Reimbursement Arrangement (QSEHRA) is introduced.

2020

ICHRA is officially established by the Departments of Health and Human Services, Labor, and the Treasury. Unlike QSEHRA, ICHRA applies to employers of all sizes. ICHRA was passed with bipartisan support and continues to be supported by both major parties.

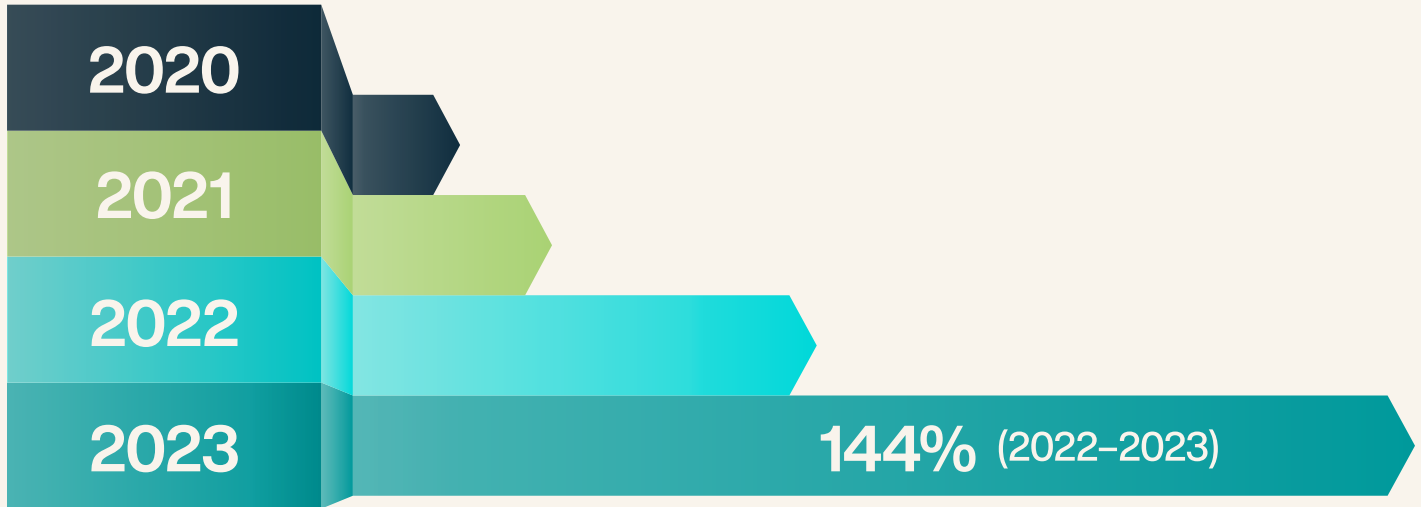
2024

Over 20 million people have enrolled in individual insurance plans on the ACA marketplace². Ongoing technology advancements are making it easier to implement ICHRAs. Digital tools like SureCo's Enrollment Platform streamline enrollment, administration, and contribution procedures, making ICHRAs accessible and efficient for large groups.

Who's Already Made the Switch to ICHRAs?

ICHRA adoption among employers with 50+ employees more than doubled between 2022 and 2023 and has grown 25x since 2020³. Companies from a wide array of industries have already adopted ICHRAs (as you'll see on page 5). Nonprofit, healthcare, education, and manufacturing organizations have been particularly interested in ICHRAs' ability to provide coverage for their dynamic workforces.

Growth in Applicable Large Employers (those with at least 50 employees) Adopting ICHRAs



*"HRA Council Growth Trends" are periodic reports of the HRA Council, a 501(c)(6) non-profit organization.

*"HRA Council 2023 ICHRA/QSEHRA Growth Trends" was released June 2023. Copyright 2023.

"The traditional methods for insurance have always been fully insured on a group plan or self-funded. Self-funded can often feel like walking the plank with no real idea of what's in the water below you. Now, there's a third way emerging with ICHRAs. If you are a company that doesn't want to be in the business of employee benefits, this could be a very good option for you."

-Chris Krusiewicz, SVP and Senior Partner of Employee Benefits at Burnham Benefits





RFK Community Alliance

RFK Community Alliance⁴ is a non-profit human services agency with 400+ employees. The organization offers day and residential programming for youth and adults with developmental, learning, behavioral, and other challenges, as well as mental health and other services for children and families. For a third consecutive year, RFK was looking at a more than 20% renewal rate increase. By switching to an ICHRA with SureCo, **RFK saved more than \$1.4M annually**, including platform and consultant fees, and was able to reinvest that money into its programming.

Anuvu

Anuvu⁴ connects and entertains passengers by providing in-flight and on-ship internet access, movies, TV shows, games, and much more. The multinational tech firm has approximately 450 full-time employees across the United States. Driven by high claims, Anuvu was facing a 20% increase in premiums for all employees. **Switching to an ICHRA saved the company more than \$1M on annual premiums**, which it put back into its 401(k) program to boost its matching percentage.



KR Management

KR Management⁴ is a 1,850-person company that specializes in the administration of senior living communities, including 14 skilled nursing facilities, independent living, assisted living, and memory care. When it moved to an ICHRA, KR Management's eligible employees could choose from hundreds of plan options from trusted carriers. In the end, employees opted in to 56 individual plans. **Switching to an ICHRA also saved the company more than \$350K in annual premiums.**

40% Employer Matching
ICHRA (Individual Coverage Health Reimbursement Account)

Did You Know?

Employers are using ICHRAs to attract and retain top talent. High-quality, individual coverage that employees can choose for themselves is an attractive benefit that job-seekers are hungry for.

United States

Benefits:

- \$2075 - \$2300V Hour
- Immediate Pay
- Weekly pay day (Wednesday)
- Paid Overtime
- Paid Training
- ICHRA Reimbursements

Corporate Construction

Asphalt Plant Laborer
Woodsboro, CA

ICHRA (Individual Coverage Health Reimbursement Account)

- Dental Insurance
- Company paid life insurance
- Retirement 401K

Flexible spending account
Formal group health option ICHRA

40% with employer match
Referral Bonuses

New York, New York

Benefits:

- 40% with employer match
- Referral Bonuses
- ICHRA

Community Services

Pilates Instructor
Greenbelt, MD

Employment anniversary case

Job listings found on Indeed.com

Why Large Employers Are Moving to ICHRAs Right Now

Large employers, particularly those grappling with pricing challenges in traditional group insurance plans, have embraced ICHRAs as a viable solution. Healthcare costs are skyrocketing, and generally, self-funding has been the only alternative. The market needed another option, and it got one.

But ICHRAs are about more than cost savings. With an ICHRA, employees can choose high-quality, highly individualized coverage that meets their unique needs—and take that coverage with them wherever they go. Companies have an opportunity to offer every employee a bespoke healthcare plan after decades of one-size-fits-all.

Increased Plan Options

According to SureCo's 2024 State of Employee Health Benefits survey, we saw that over 2/3 of companies—especially large businesses that need to support a diverse, multi-state workforce—reported their main reason for switching to an ICHRA was the increased availability of plan options¹.

1-3

90% of companies only offer 1-3 group health insurance plans¹.

80%

of employees say they want to pick from all available plan options¹.

32

With SureCo, companies with an ICHRA offer hundreds of options, and their employees select an average of 32 unique plans (some teams enroll in as many as 160)⁵.

Cost Containment

Thanks to inflation, high utilization, and labor shortages, health insurance costs are rising at an untenable rate.

81%

of employers faced a renewal rate hike last year, and nearly all of them were surprised¹.

5-15%

was the average increase, but spikes of more than 50% were recorded as well¹.

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Common Misconceptions

ICHRA's are only four years old, and many companies introduced to them independent of a benefits consultant or ICHRA technology partner doubt their legitimacy. There are typically five areas of concern:

Company Size

While there are no participation constraints with ICHRA's, they developed an early reputation as only being suitable for small companies.

Compliance

Many employers are concerned that more health benefit options will increase their compliance vulnerability.

Plan Quality

Are individual plans as comprehensive as group plans? Can they offer the same coverage and quality of care that employees are used to?

Overwhelming Employees

Nobody wants to add burden to employees, and many leaders are concerned that their teams will be overwhelmed by choices.

Administrative Burden

HR teams can be skeptical that managing more health benefit plans won't also increase their administrative load.

Did You Know?

Of the benefits consultants we surveyed, 63% said that they believe ICHRA's will take over at least 50% of the market in the next decade¹.

So, why hasn't your benefits consultant told you about ICHRA?

Some benefits consultants have concerns about ICHRA's ending their business relationships. 41% of consultants reported worries about ICHRA's interrupting their relationships with their clients. They were also concerned about support from company leadership for the model because moving to an ICHRA would be such a big change¹.

Outdated Assumptions Meet Technology Solutions

These concerns are based on misguided and outdated information. At the time of this report's publishing, all five of these concerns have been addressed with technological solutions like SureCo's ICHRA Enrollment Platform.

- Companies of all sizes, including groups with thousands of employees, are successfully making the switch to an ICHRA.
- SureCo focuses on large employers (those with 250+ eligible employees), and provides unique compliance support that streamlines benefits enrollment and administration.
- Benefits consultants are a vital part of ICHRA implementation with SureCo.
- SureCo offers comprehensive ICHRA guidance and an easy-to-use platform that empowers employees to find and own the best benefits for their unique needs.

ICHRA Satisfaction

Large companies that overcome their initial concerns and make the switch to an ICHRA report astonishingly high satisfaction rates. **Their savings are significant**, and they intend to stay with an ICHRA for the long haul.

88% of employers that have utilized an ICHRA felt their employees were satisfied with the model¹.

84% of employers save at least \$500,000 on yearly premiums¹.

89% indicated it was the right move for their company¹.

\$900K was the average cost savings with an ICHRA for employers¹.

“Moving to an ICHRA eliminated the significant cost increases we would have faced and increased our plan options while ensuring continued quality healthcare coverage.”

—Michael W. Ames, President & CEO, RFK Community Alliance



On average, benefits consultants saved their clients 16% by moving them to an ICHRA. All who were polled saved their clients over 5%, but SureCo customers typically save significantly more¹.

Average Monthly Plan Costs for SureCo Customers
Pre-ICHRA vs. Post-ICHRA for 2024⁵



Most large employers change group health benefits plans every 1-3 years, but benefits consultants report that once a company moves to an ICHRA, they expect them to stay with it for the long-term¹.

Spotlight Case Study: Ansafone



42% | Monthly Plan Cost Savings

Ansafone's lowest-cost plan premium per employee per month was \$971 on traditional group. With an ICHRA, the average premium dropped to \$562.

+60% | Participation

One of Ansafone's goals for moving to an ICHRA was to increase participation. Due to more affordable, flexible options, participation rose by 60%.

139 | Unique Plans

When the company moved to an ICHRA, Ansafone employees went from choosing between four fully insured health plans to selecting 139 individual plans.

Ansafone is the leading outsourced contact center solution provider for companies in the U.S. and Canada. Moving to an ICHRA with SureCo allowed Ansafone to offer its 800+ employees in 18 states competitive, personalized health benefits at a fraction of the price it had been paying.

Due to high claims, Ansafone has been experiencing double-digit rate increases on its four fully insured Florida Blue health plans for the past several years. As company costs skyrocketed, participation gradually declined. For 2023, the cost of Ansafone's lowest-cost plan was \$971 per month, and employees were responsible for \$160. But for the contact center's lower-wage earners, that price was often too steep. It was a scenario that didn't sit right with the company. **"We want to be a place that employees want to work, one that offers affordable coverage,"** said Meredith Gaitanis, Ansafone's Chief Financial Officer.

An ICHRA allowed Ansafone's employees, who span many different life stages, to select the best coverage for their needs from all available plan options in their area. Plan premium costs dropped by almost 45%, and participation rose by 60%.

In terms of employee satisfaction, **"the increased participation really speaks for itself,"** says Gaitanis. **"We've received positive feedback from potential employees who appreciate the ability to choose a plan that works best for them."**

The Future of ICHRA

We're at an inflection point for ICHRAs. Their advantages, including flexibility, continuous coverage, and tax-free reimbursements, make them an attractive proposition for both employers and employees. Challenges such as lack of education and administrative complexities persist, but are being met by innovative technology solutions from emerging companies.

As new players enter the ICHRA space, venture capital firms are increasingly eyeing the category as an investment opportunity⁶. The convergence of market dynamics and investor interest bodes well for the future of ICHRAs. **They're positioned to play a pivotal role in reshaping the healthcare benefits landscape.**

63%

Benefits consultants overwhelmingly indicate that ICHRAs will gain more share of the market over the next 10 years. 63% of respondents indicated that they believe it will take over at least half of the market in that time frame¹.

10x

The Congressional Budget Office projects that the number of workers on ICHRAs will increase 10x by 2032, though many consider this a very conservative estimate⁷.

70%

70% of benefits consultants report believing that ICHRAs are a way to grow their business. Among companies that have already moved to an ICHRA, 91% agree that ICHRAs will become more widely adopted in the next 5 years¹.

Rising Adoption: ICHRAs are set to further penetrate the market as businesses increasingly acknowledge their advantages. This upward trajectory is expected to continue, driven by employers seeking adaptable and cost-efficient health benefits solutions.

Customized Benefits: With a growing demand for personalized benefits among employees, ICHRAs stand out as the only option to effectively cater to diverse individual needs.

Integration of Technology: Ongoing technological advancements will enhance the management of ICHRAs. Utilization of digital tools like SureCo's Enrollment Platform will streamline enrollment, administration, and reimbursement procedures, boosting accessibility and efficiency for both employers and employees.



Conclusion

Key Takeaways

- ✓ **ICHRA**s emerged as a solution to rising healthcare costs, building upon the foundation laid by the ACA and the QSEHRA. ICHRA gained bipartisan support and has seen steady growth in adoption with employers of all sizes, but especially among large groups.
- ✓ As of 2024, ICHRA adoption among large employers has grown by 25x since 2020.
- ✓ Benefits consultants overwhelmingly agree that ICHRAs are poised to gain more share of the market over the next decade.
- ✓ The primary drivers for large employers' interest in ICHRAs include cost containment, increased plan options, and streamlined administration.
- ✓ VCs have taken notice of ICHRA's growth and are looking to invest in ICHRA-focused companies.
- ✓ Notable companies like RFK Community Alliance, Anuvu, and KR Management have successfully transitioned to ICHRAs, achieving significant cost savings while providing employees with greater plan options.



Recommendations for Employers and Industry Stakeholders

As we look to the future, the ICHRA-powered health benefits revolution seems inevitable. With projected growth estimates soaring and widespread recognition of their advantages, ICHRAs are poised to play a pivotal role in reshaping the healthcare benefits landscape. While challenges such as compliance concerns and administrative burdens remain, ongoing technological advancements like SureCo's enrollment platform are opening opportunities for larger companies to successfully move to the model.

ICHRAs represent a compelling option for employers who need adaptable, cost-efficient, and diverse healthcare benefits solutions. By embracing the potential of ICHRAs and leveraging the expertise of industry partners like SureCo, employers can navigate the evolving healthcare landscape with confidence, ensuring the well-being of their employees while driving business growth.

About SureCo

At SureCo, we're reimagining the traditional group benefits experience. We believe that custom health coverage ensures better healthcare—and that shouldn't come at a higher price tag for anyone.

That's why we lobbied for regulatory changes that allow employers to tap into the individual market. Then, we created a refreshingly simple Enrollment Platform that makes it easy for employees to find coverage that meets their specific needs from major carriers in their area. The new paradigm eliminates claims risk for employers, but our platform gives them the same pre-tax contribution model they're used to. Through integrations with HRIS and payroll systems, we ensure compliance, provide reporting, and relieve administrative burdens.

SureCo has been at the forefront of ICHRAs from the very beginning and continues to prove the value of this alternative to traditional health coverage.

- We lobbied for the regulatory changes that allowed employers of all sizes to offer ICHRAs in 2020.
- SureCo specializes in supporting large employers with 250+ workers seamlessly access the individual market.
- SureCo has 60+ years of combined ICHRA experience and a 98% customer retention rate.
- Our ICHRA Solution saves companies an average of 22% on premiums.

Ready to see what an ICHRA can do for your company?

If you're interested in learning more about ICHRAs and SureCo's Enrollment Platform, our benefits experts would love to chat. Get in touch at sureco.com/lets-meet-up.

Talk to an ICHRA Expert Today



Sources

1. [SureCo 2024 State of Employee Benefits](#)
2. [U.S. Department of Labor](#)
3. [HRA Council](#)
4. [SureCo case studies](#)
5. [SureCo Enrollment Platform Data \(May 2024\)](#)
6. [Fierce Healthcare: ICHRA is having a moment. VCs are taking notice and looking to invest in the emerging space](#)
7. [Congressional Budget Office: Federal Subsidies for Health Insurance Coverage for People Under 65, 2022 to 2032](#)