

Growth Trends

ICHRA & QSEHRA

This year's trends:



Individual Coverage Health Reimbursement Arrangements (ICHRAs) continue steady climb as more businesses adopt and renew HRAs.



Large employer adoption of ICHRA is growing exponentially.



Hundreds of thousands of US workers are now offered ICHRA or QSEHRA as a health benefit across all 50 states and DC.



ICHRA and its forerunner QSEHRA continue to be an on-ramp to benefits and add new lives to the ACA marketplace.



Key Terms

Health Reimbursement Arrangements (HRAs) are defined contribution tools by which employers can reimburse employees for health insurance premiums and other health expenses.

Individual Coverage HRAs (ICHRAs) are for businesses of all sizes, including large employers.

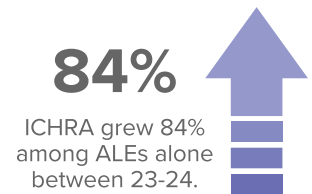
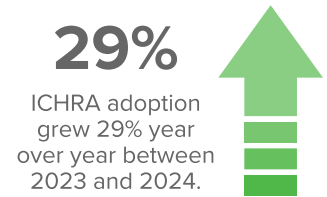
Qualifying Small Employer HRAs (QSEHRA) are for small businesses with fewer than 50 employees.

This annual report reflects industry trends based on shared, anonymized HRA Council Member data representing a statistically significant share of the ICHRA and QSEHRA market. For more insights, consider joining the HRA Council as a Member.




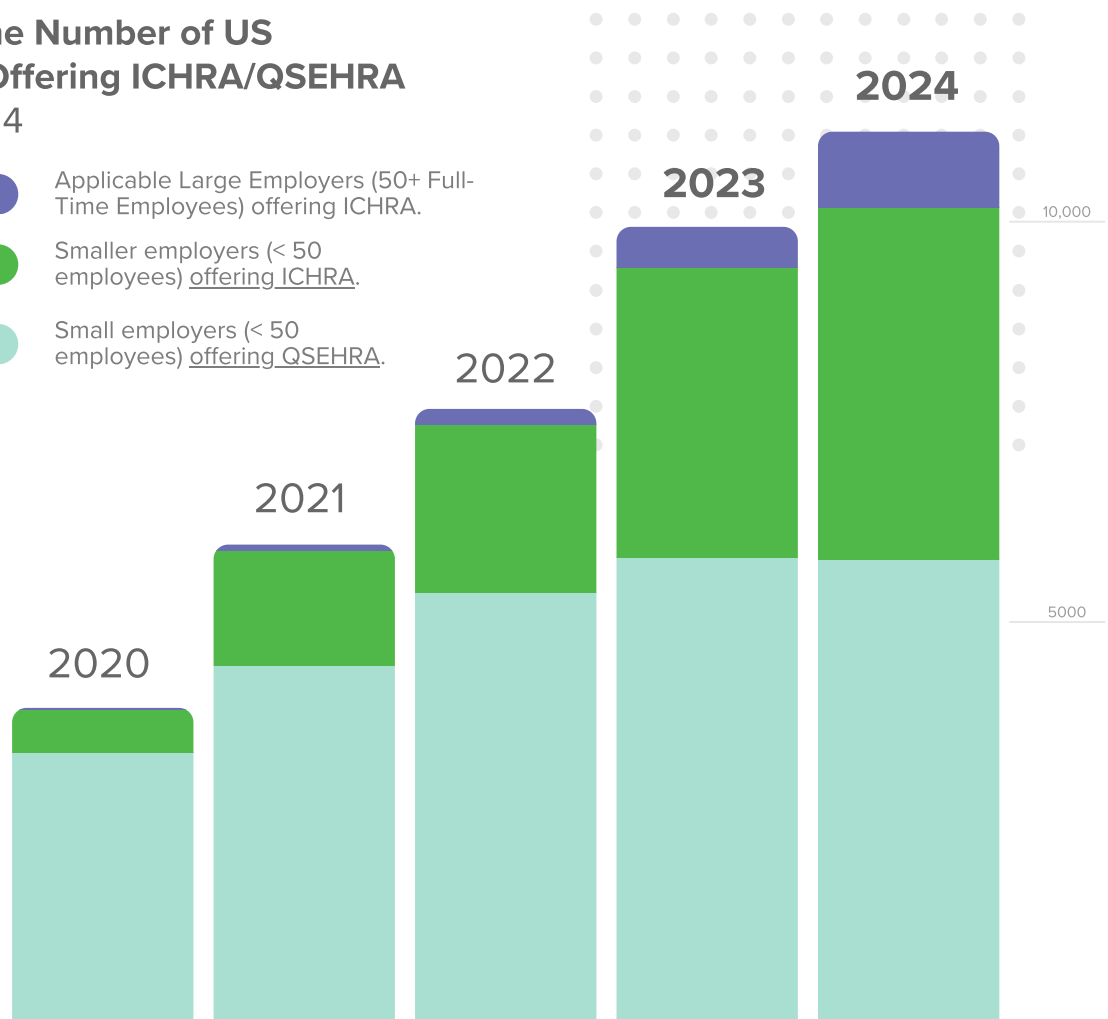
ICHRA adoption is up 29%, with ALEs growing by 84%.

Entering their fifth year as a tax-advantaged solution for employer-sponsored insurance, Individual Coverage Health Reimbursement Arrangements (ICHRA) had nearly 30% year-over-year growth from 2023 to 2024, with Applicable Large Employers (ALEs) as the fastest growing cohort.



Growth in the Number of US Employers Offering ICHRA/QSEHRA 2020 to 2024

-  Applicable Large Employers (50+ Full-Time Employees) offering ICHRA.
-  Smaller employers (< 50 employees) offering ICHRA.
-  Small employers (< 50 employees) offering QSEHRA.



Growth Trends for ICHRA & QSEHRA: 2023-2024

ICHRA/QSEHRA get and keep more people covered.

A powerful trend remains the popularity of HRAs as on-ramps to offering a health benefit for the first time.

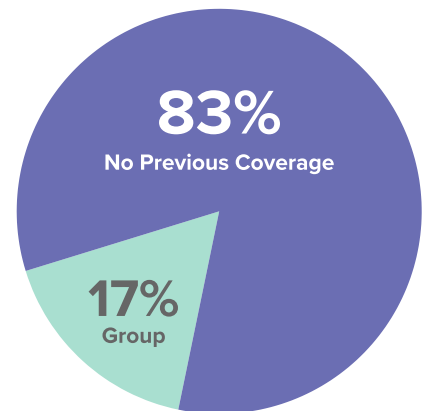
Now, our data shows the lasting viability of this benefits solution year over year.

More than half of employers represented in this year's data shared their previous solution for health benefits with their HRAC partners, providing insights into employee satisfaction and the pent-up demand to offer health coverage among small employers.

Most employers adopting ICHRA or QSEHRA are offering benefits for the first time.

ICHRA/QSEHRA have been a net gain for health insurance coverage by adding employers previously shut out of traditional group markets. Meanwhile, employers who did have a group plan are making the switch.

- Among employers who shared this data, 83% were not able to offer health insurance until they adopted an ICHRA or QSEHRA. With adoption still heaviest among smaller employers, this tracks with known challenges in the small group market.
- 17% of new adopters moved from traditional group coverage.



What happens when people love their health insurance?

ICHRA/QSEHRA already show high retention rates and “stickiness,” underscoring their sustainability as a benefits solution which delivers both employer/employee satisfaction.



- While start-ups and very small businesses tend to “churn” in and out of benefits, retention rates are high after they adopt an HRA, with greater than 4 of every 5 businesses renewing year over year.
- Insurance professionals know that when people love their health insurance, **they keep it.** Already, ICHRA/QSEHRA are proving their favorability for employers and employees in key ways:
 - Employees who choose their own insurance plans customize what they need and how to use their benefits.
 - Employers are able to enrich employee health and wellness benefits year over year, adding more features including HSAs and increasingly popular pet insurance.
 - Carriers are experiencing higher “continuity of coverage” at the member level, with clearer insights for investing in the long-term health of their members

Large employers adopting ICHRA mean more US workers covered.

The number of US employees offered a defined contribution health benefit has verifiably exceeded 200,000 based on HRA Council Member data, giving weight to other estimates of the overall ICHRA/QSEHRA market approximating half a million. Importantly, this number doesn't include dependents of employees offered ICHRA/QSEHRA, adding even more lives.

Growth in the Number of US Employees Offered ICHRA/QSEHRA

Based on HRAC Member Data Only (Not Counting Other Estimates)
2020 to 2024

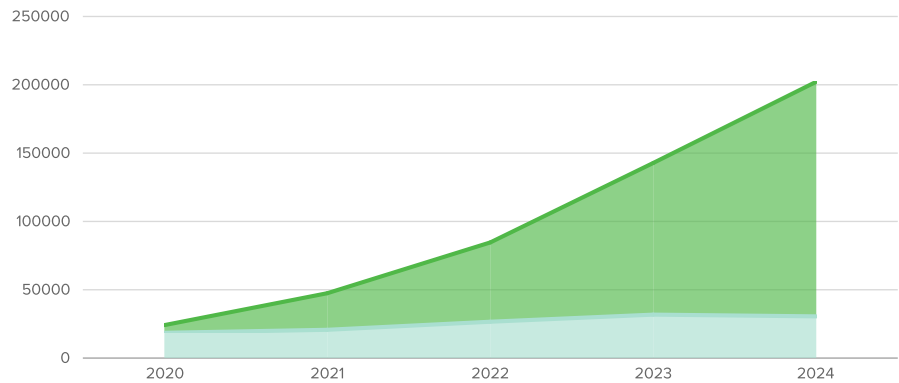
ALEs adopting ICHRA at higher rates has begun to significantly expand coverage options to more workers and their families.



Employees offered ICHRA as a health benefit



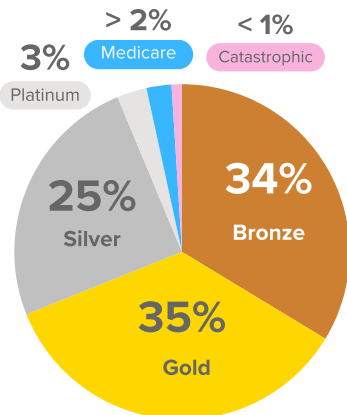
Employees offered QSEHRA as a health benefit



60% of employees use allowance to buy ACA Gold and Silver plans.

With more options, employees act as informed consumers, picking plans best suiting themselves and dependents.

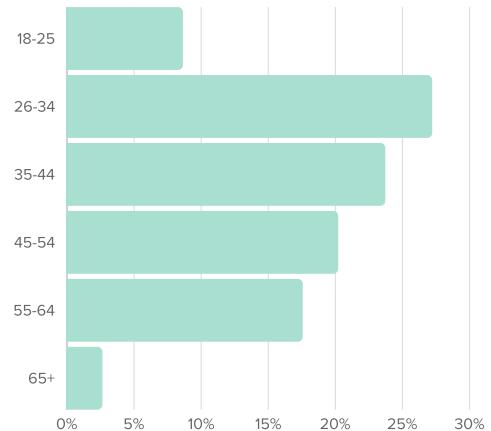
Plan Choice
by ICHRA/
QSEHRA
Enrollees
2024



ICHRA/QSEHRA continue to bring younger workers into ACA markets.

Younger employees and their dependents help stabilize risk pools and lower costs as they enter ACA markets for coverage.

Age Cohorts
of ICHRA/
QSEHRA
Enrollees
2024



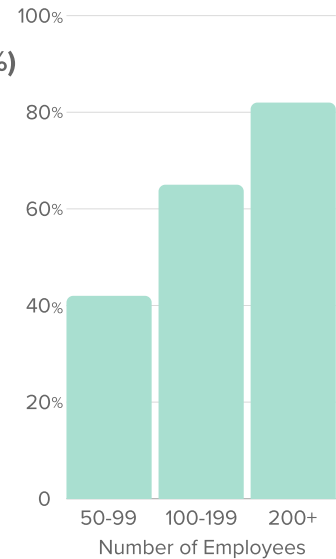
The future is ICHRA, and it's starting now.

The long-term trends are becoming clear. ICHRA & QSEHRA are a success story nationwide for modern employers of all sizes and increasingly distributed workforces.

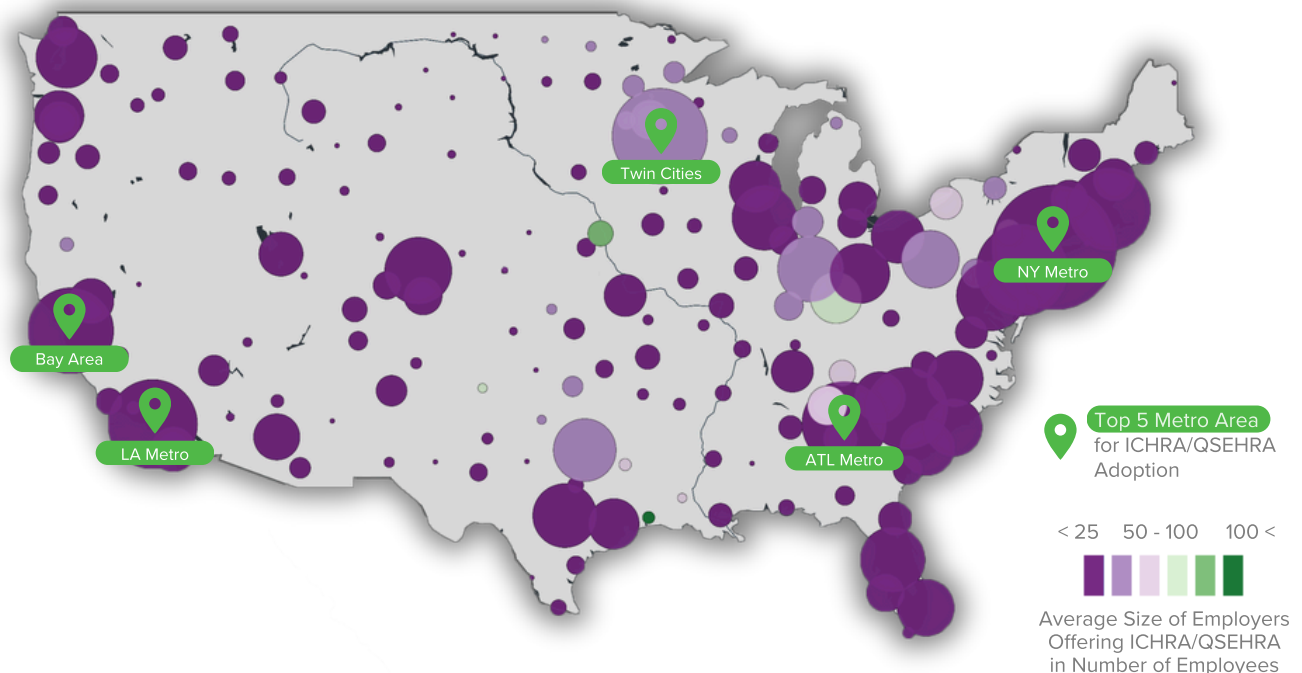
Large employers have taken note.

As of 2024, ICHRA adoption is nearly on par with QSEHRA adoption. Given ICHRA's flexibility and increasing uptake for larger employers, the HRA Council anticipates even larger growth in the coming years.

Growth Rates (%)
among Large
Employers
2023-2024



Employers Offering ICHRA/QSEHRA
2024



Where are employees based? HRA Council Members have access to enrollee insights and more. Learn more at: hracouncil.org/join

About 2024's Volume 3: Growth Trends for ICHRA & QSEHRA

The HRA Council's 2024 report—Growth Trends for ICHRA & QSEHRA, Volume 3—builds on 2022 and 2023 findings with enrollment data through January 2024 and underscores national adoption trends for Individual Coverage Health Reimbursement Arrangements (ICHRA) and Qualified Small Employer Health Reimbursement Arrangements (QSEHRA). Discover more reports online at: hracouncil.org/report

How was the data in this HRA Council report sourced, compiled, and reported?

HRA Council administrator and enrollment platform Members have a secure data-sharing agreement to report out anonymized, HIPAA-compliant data for U.S. employers and their workers who have adopted ICHRA or QSEHRA. The anonymized aggregated data is placed in a secure data vault and analyzed to identify trends year-over-year for 2023-2024.

Understanding the scope of HRA Council data

The HRA Council was founded in 2021 by early practitioners of employer-sponsored insurance via health reimbursement arrangements. Volume 3 highlights data from HRA Council members only and for 2024 represents more than 11,000 U.S. Employers and more than 200,000 employees. Extrapolating beyond Council Members to all organizations administering HRAs nationwide, plus dependents not included in the employee data, the Council estimates current 2024 offers of coverage through an ICHRA or QSEHRA from all sources to be 500,000 lives and growing.

HRA Council Members get deeper data insights, ongoing education, advocacy opportunities, and more.

Our tiered Membership categories include,

- Brokerages and benefits consultants of all sizes,
- Payment and Benefits Administrators*,
- Enrollment Platforms*,
- Insurance Carriers,
- and others.

*Eligible to participate in "Growth Trends" data-sharing.

Consider joining today: hracouncil.org/join

Connect with us.

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The HRA Council is a non-profit, non-partisan advocacy organization of HRA administrators, carriers, enrollment firms, brokers, and practitioners representing clients in all 50 states and D.C. The Council educates members, employers and policy-makers; works towards industry standards; shares collective industry research; and advocates for HRA solutions.

Thank you to each of the following Member Data Leaders for making this collaborative, authoritative report possible.

