



# Growth Trends for ICHRA and QSEHRA 2020 to 2022

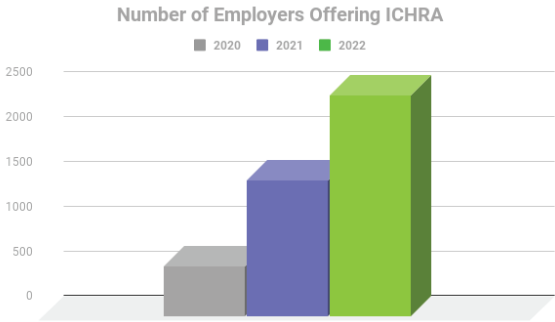
## Executive Summary

Employers in all 50 states and the District of Columbia are using innovative Health Reimbursement Arrangements (ICHRA and QSEHRA) to provide employees with opportunities for employer-sponsored health insurance. Ten HRA Council Member organizations shared statistically significant anonymized data regarding the adoption of ICHRA and QSEHRA among U.S. employers of all sizes, plus statistically significant anonymized data for employees using their employer-sponsored HRAs to select health insurance based on their own personal preferences for doctors, networks, and various coverage options.

# Key Employer Insights

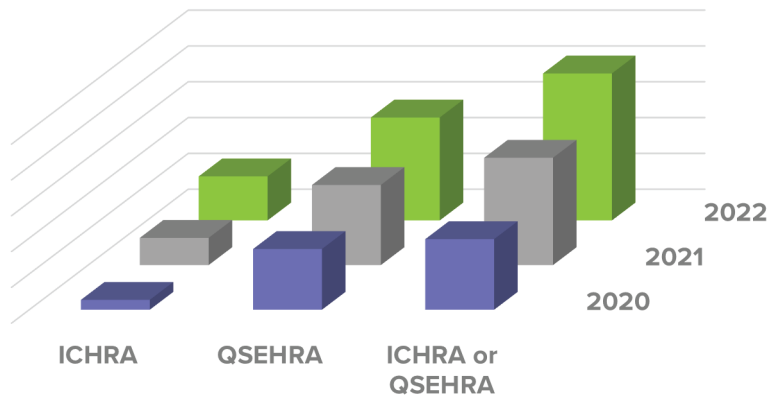
## ICHRA Adoption by U.S. Employers Has More than Tripled from 2020 to 2022

Described as “the 401(k) of health coverage,” Health Reimbursement Arrangements are an increasingly popular way for U.S. employers to empower employees to choose quality health insurance coverage customized for their needs.



**Individual Coverage Health Reimbursement Arrangements (ICHRA)s have grown by nearly 350%** since they were introduced in 2020, amidst market growth for all HRAs. ICHRA can be adopted by employers of all sizes.

Qualified Small Employer Health Reimbursement Arrangements (QSEHRAs) became available in 2017 through the bipartisan 21st Century Cures Act. **QSEHRA adoption grew by 70% between 2020-2022**, continuing to be a popular solution for businesses with fewer than 50 employees



## Small Businesses Leading Innovation in Employer-Sponsored Insurance

The vast majority of U.S. companies are small businesses with fewer than 50 employees. HRAs have been a game-changer for this immense but historically underserved market segment. Prior to the introduction of QSEHRAs and ICHRA, small businesses experienced difficulty offering traditional Employer-Sponsored Insurance (ESI).

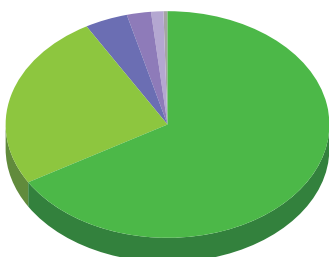


### HRAs are an on-ramp to benefits for U.S. Small- and Medium-sized Employers (SMEs).

More than 90% of employers represented in our survey had 20 employees or fewer. For these employers, ICHRA and QSEHRA can be a simple, predictable, and budget-friendly way to offer health benefits. HRA Council Members report that up to 85% of their SME clients have never been able to offer health coverage to their employees until they were able to offer an ICHRA or QSEHRA.

### Size of Employers Offering HRAs (2020-2022)

● 5 or Fewer Employees ● 6-20 ● 21-49 ● 50-99 ● 100-199 ● 200+

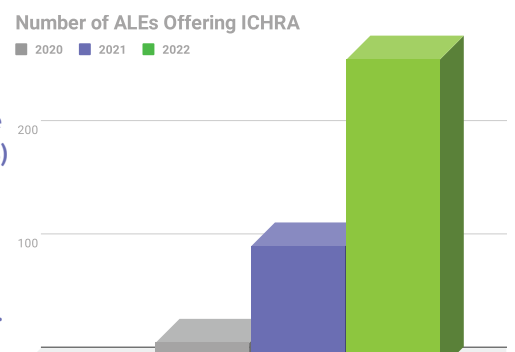


Five employees or fewer: **64%**  
 Six to 20 employees: **28%**  
 21 to 49 employees: **5%**  
 50 to 99 employees: **2%**  
 100 to 199 employees: **1%**  
 200+ employees: **Less than 1%**

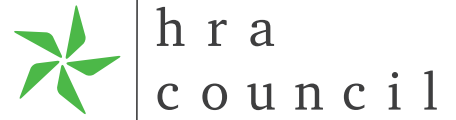
*Figures are rounded to the nearest whole %.*

### ALEs Offering ICHRA (2020-2022)

The number of Applicable Large Employers (ALEs) also adopting ICHRA grew more than 10x since ICHRA were introduced.

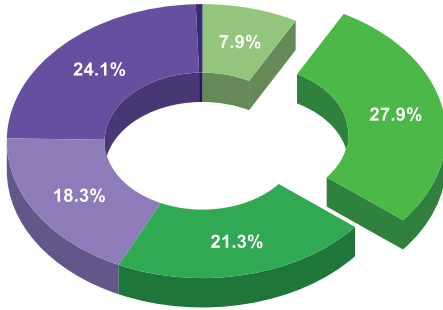


# Key Employee Insights



## HRAs Bring Younger Employees into the Individual Marketplace

● 18-25 ● 26-34 ● 35-44 ● 45-54 ● 55-64 ● 65+



In 2022, 57% of employees using an ICHRA or QSEHRA to enroll in a Marketplace health insurance plan are between 18-44 years of age.

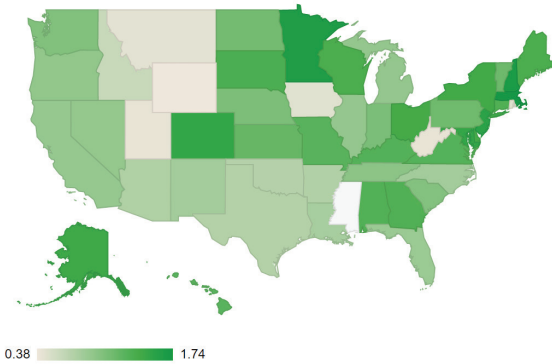
The largest age cohort for HRAs is employees age 26-34, significantly younger than the average age of Americans covered via the Individual Marketplace (Healthcare.gov and similar state insurance exchanges).

## Nearly Six in 10 Employees Offered an HRA Accepted in 2022



Nearly six in 10 employees accept ICHRA or QSEHRA when offered one by their employer, approaching national figures for employees accepting traditional ESI. **Why doesn't every employee accept the offer of an HRA or other ESI?** Some employees are covered as a dependent under a spouse, partner, or parent's insurance, and other employees decide they don't need, can't afford, or aren't yet ready to select health insurance.

## Between 2020 and 2022, ICHRA/QSEHRA Adoption Grew Nationally



Workers in all 50 states and the District of Columbia now have new options to choose their own employer-supported health insurance plans from regional and national carriers.

Based on our survey: **On average, ICHRA/QSEHRA adoption doubled across all 50 states between 2020 and 2022.** Many states saw more than 1.5x growth, and 28 states more than doubled the number of employers offering ICHRA or QSEHRA as a health benefits solution for their employees.

## Thank you to our contributing Members.



## Background and Methodology for “Growth Trends for ICHRA and QSEHRA 2020-2022”

### What are ICHRAs and QSEHRAs?

Described as the 401(k) of health benefits, Health Reimbursement Arrangements (HRAs) are defined contribution programs for employer-supported health coverage.

**2016:** Congress passes the 21st Century Cures Act with an overwhelmingly bipartisan vote. The Act is signed into law by President Obama and makes QSEHRAs available to employers with up to 50 workers.

**2017:** Defined contribution QSEHRAs make it possible for small employers to reimburse individual health insurance market premiums, an option not previously available.

**2019:** The Departments of Health and Human Services, Labor, and the Treasury finalize a rule permitting employers of any size to reimburse individual market health insurance premiums as well as Medicare policies through ICHRAs.

**2020:** ICHRAs make it possible for even more employers to reimburse workers for health coverage premiums, covering more Americans with ACA-compliant health plans.

**2022:** The HRA Council, launched in 2021, conducts the first ever industry survey of ICHRA and QSEHRA, aggregating anonymized data to track trends for employers and employees.

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

Members of the HRA Council voluntarily entered a data-sharing agreement to report on core trends in ICHRA and QSEHRA adoption and growth. The Members decided on an incremental “crawl, walk, run” approach starting with several basic data fields for 2020-2022, then adding more details year over year going forward. For this year’s inaugural report, participating Members initiated a data pull for the entry level or “crawl” stage, including fields such as the number of employers and employees, states where the employers were headquartered, and the age of the employees enrolling in health coverage through an ICHRA or QSEHRA.

Third parties set up a secure data vault and enrolled participating Members into personalized, secure sections of the data vault. The third parties verified the data manually and combined them into two aggregated, anonymized datasets: employer data and employee data. A rigorous series of manual tests were run, producing final anonymized versions of each dataset that were analyzed for the growth trends expressed in this report.

### How do I learn more about the HRA Council?

The HRA Council is a non-profit, non-partisan advocacy organization comprised of HRA administrators, carriers, enrollment firms, and practitioners working together to ease employers’ ability to offer health benefits and employees’ ability to use an HRA to enroll in coverage. With a shared mission, the Council educates employers and policy-makers, works towards industry standards, shares collective industry research, and advocates for HRA-friendly regulations.

“Growth Trends for ICHRA and QSEHRA 2020-2022”  
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[Read more at: hracouncil.org/report](https://hracouncil.org/report)

