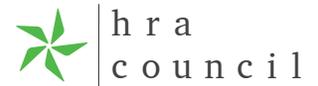


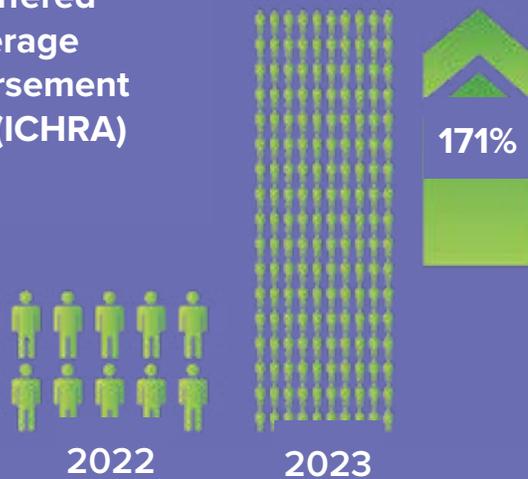
Growth Trends for ICHRA and QSEHRA

2022 to 2023

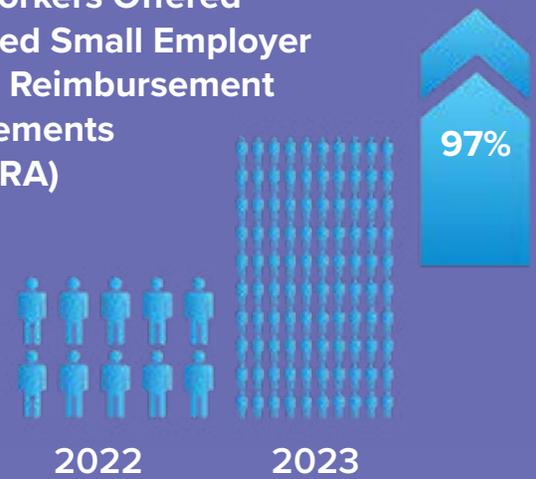
Volume 2



Growth in the Number of U.S. Workers Offered Individual Coverage Health Reimbursement Arrangements (ICHRA)



Growth in the Number of U.S. Workers Offered Qualified Small Employer Health Reimbursement Arrangements (QSEHRA)



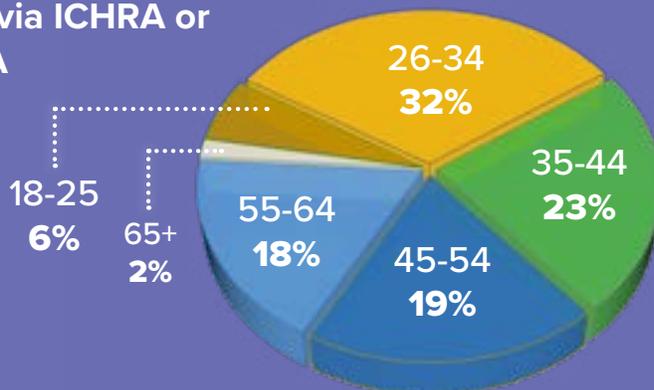
Size of Businesses Using ICHRA and QSEHRA (Number of Employees Offered ICHRA or QSEHRA as a Health Benefit for 2023)



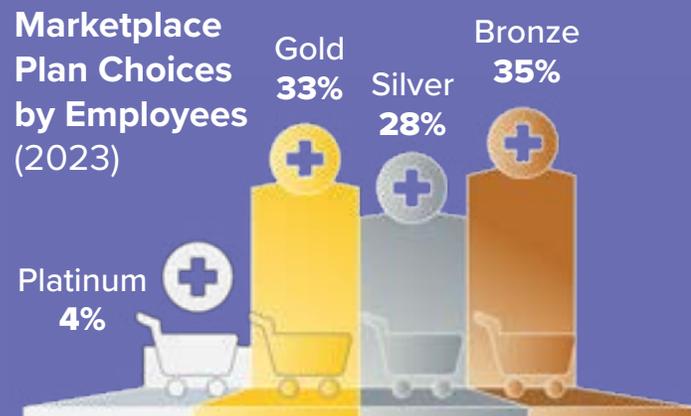
Growth in Applicable Large Employers (ALEs) Using ICHRA to Cover Workers (Since ICHRA Introduced in 2020)



Ages of U.S. Workers Insured via ICHRA or QSEHRA (2023)



Marketplace Plan Choices by Employees (2023)



The Year in ICHRA & QSEHRA

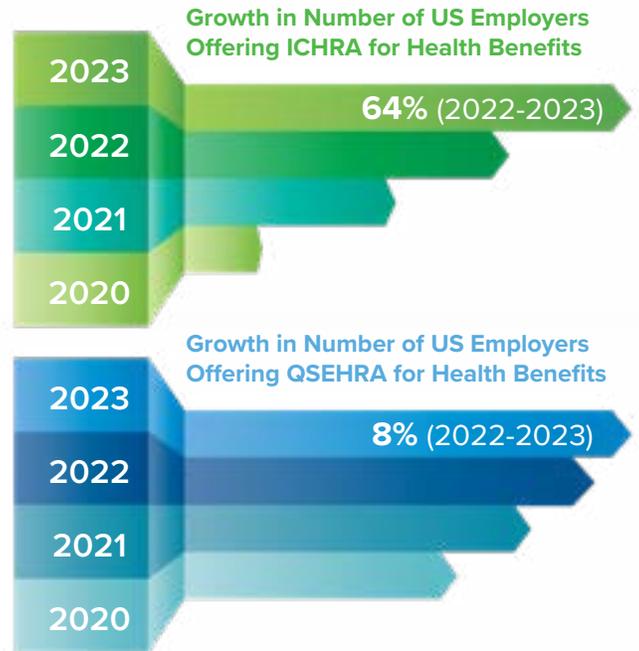
This new report—compiled by a data team from HRA Council Members—builds on the inaugural 2022 findings with enrollment data through January 2023 and underscores national adoption trends for Individual Coverage Health Reimbursement Arrangements (ICHRA) and Qualified Small Employer Health Reimbursement Arrangements (QSEHRAs).

New Findings for 2023 Build on the Strong Growth Reported for 2020-2022:

The rapid growth — 144%—in larger businesses adopting ICHRA is a significant employer trend in this year’s report. For Applicable Large Employers (ALEs), ICHRA is a fast-growing coverage solution offering ACA-mandated health benefits.

Additional highlights include:

- The number of employers reported to have adopted ICHRA grew 64% between 2022 and 2023.
- ICHRA and QSEHRA continue to be an on-ramp for businesses offering health benefits for the first time.
- Small businesses with fewer than 50 employees were health benefits pioneers with QSEHRA and continue to show steady expansion of 8% growth as a more mature market.
- The number of American workers offered either ICHRA or QSEHRA as a health benefit more than doubled between 2022-2023.
- ICHRA and QSEHRA bring younger workers into the ACA Marketplaces, stabilizing risk and keeping premiums and costs lower.



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

HRA Council Members who are administrators and/or enrollment platforms entered a data-sharing agreement to report out anonymized, HIPAA-compliant data for U.S. employers and their workers who have adopted ICHRA or QSEHRA. The Council then aggregated the data to identify trends in the growth of these two health reimbursement arrangements.

The dataset for this report represents a 10,000-employer cohort enacting defined contribution health coverage, a large enough sample to reflect industry trends. The HRA Council makes no claims as to the full market size of the ICHRA & QSEHRA benefits solution model across the U.S. employer population.

How do I learn more about the HRA Council?

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. To learn more, see www.hracouncil.org/report or email info@hracouncil.org.

Thank you to our Data Leader Members:



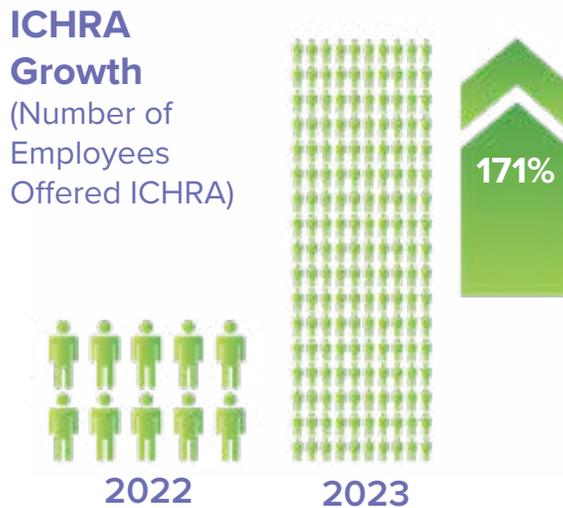
Read more at: hracouncil.org/report

Who ICHRA & QSEHRA Cover in 2023

The number of American workers offered either ICHRA or QSEHRA as a health benefit more than doubled between 2022-2023.

ICHRA offers to employees grew by 171% between 2022 and 2023.

As larger businesses including Applicable Large Employers (ALEs) adopt ICHRAs, the number of American workers offered customizable, quality health benefits has nearly tripled in the last year.



ICHRA & QSEHRA are tax-advantaged arrangements employers select to reimburse their employees for purchasing ACA-compliant, quality health insurance.

QSEHRA offers to employees grew by 97% between 2022 and 2023.

The number of U.S. employees offered a QSEHRA has doubled between 2022-2023.

QSEHRAs, now in their seventh year, continue to be a strong, stable on-ramp to benefits for small businesses who want to provide employees with customizable health insurance options.



Qualified Small Employer HRAs (QSEHRAs) are for businesses with fewer than 50 full time employees. Individual Coverage HRAs (ICHRAs) can be implemented by businesses of any size.

2002
HRAs first recognized by IRS Notices and Rulings.

2016
Qualified Small Employer HRAs (QSEHRAs) introduced through bipartisan 21st Century CURES Act.

2017
Executive Order directs agencies to expand usability of HRAs.

2020
Individual providers launch Individual Coverage HRAs (ICHRAs).

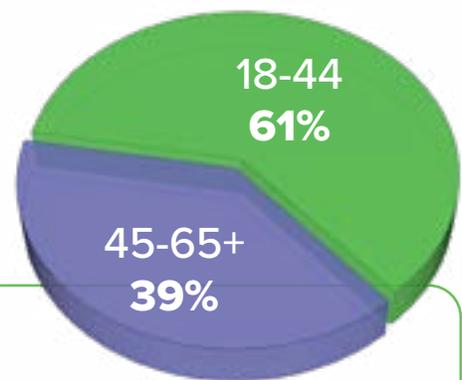
ICHRA and QSEHRA in the Marketplace

ICHRA and QSEHRA bring younger workers into the ACA Marketplaces, stabilizing risk and keeping premiums and costs lower.

61% of employees enrolled in a Marketplace plan via ICHRA or QSEHRA for the 2023 benefit year are 44 or younger.

✗ MYTH: Employers use ICHRA and QSEHRA to move older employees with health risks into the Marketplace.

Ages of U.S. Workers Insured via ICHRA or QSEHRA (2023)

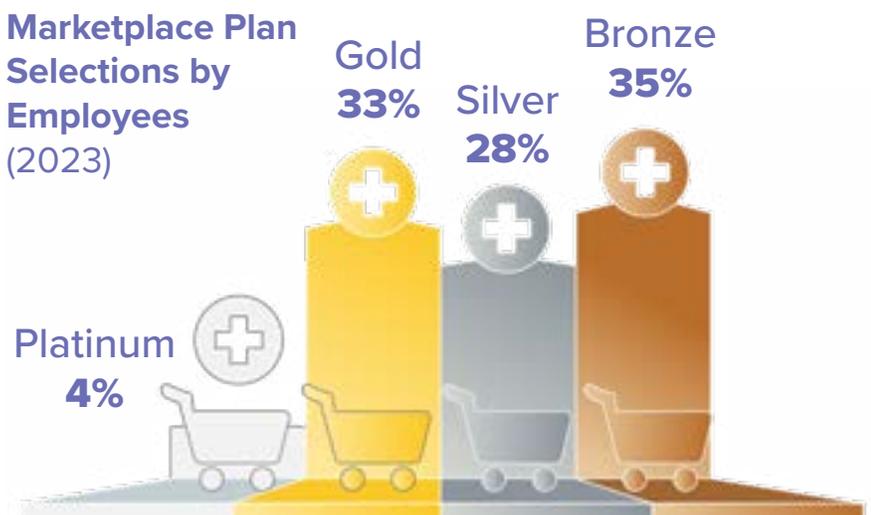


✓ TRUTH: Not only is discrimination by age or health status prohibited, employee data shows ICHRA and QSEHRA bring younger workers into the individual market. The increased participation of younger workers in Marketplace plans can help stabilize risk pools, lower premiums, and reduce overall health care costs by providing more opportunities to catch early-stage medical conditions.

Employees enrolled in a Marketplace plan via ICHRA or QSEHRA showed nearly equal choice among Gold, Silver, and Bronze plans.

✗ MYTH: Employees don't understand health insurance and prefer their employers to select their plans.

Marketplace Plan Selections by Employees (2023)



✓ TRUTH: Employees know what they need. The nearly even distribution between the metal tiers highlights how employees become wise health consumers evaluating the choices offered by ICHRA and QSEHRA in the context of their personal health needs.

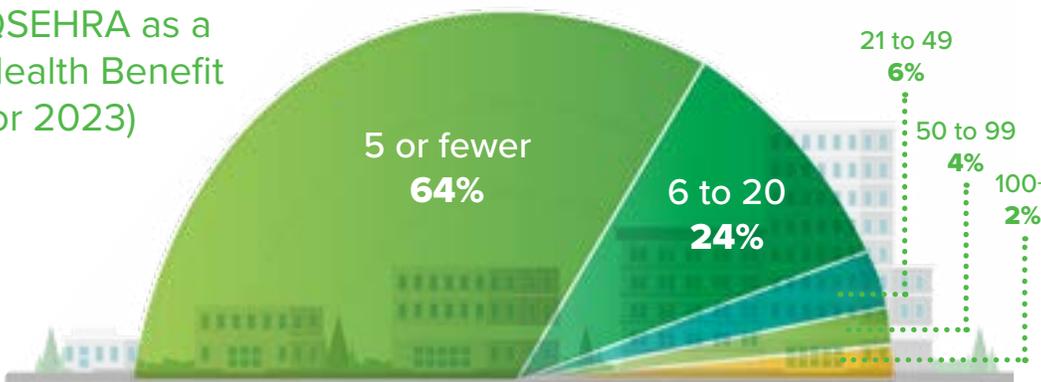
HRAs Fit Large & Small Employers Alike

ICHRA and QSEHRA continue to be an on-ramp to benefits for small employers, as ICHRA gains among large employers.

88% of employers offering an ICHRA or QSEHRA in 2023 used it as a way to offer health benefits to 20 employees or fewer.

Size of Businesses Using ICHRA and QSEHRA
(Number of Employees Offered ICHRA or QSEHRA as a Health Benefit for 2023)

Even more impressive, 64% of employers used them as a way to offer health benefits to five employees or fewer. Small employers remain both the bedrock of the U.S. economy and the largest cohort of early ICHRA/QSEHRA adopters.



Historically, U.S. small businesses encountered barriers to offering health benefits. Now, they are innovators and early adopters of customizable QSEHRA and ICHRA solutions for quality health coverage.

The number of ALEs (more than 50 employees) using ICHRA as a health benefits solution grew by 144% between 2022-2023.

Large businesses, often requiring more change management processes, are now the fastest growing segment of employers to adopt ICHRAs.

This graphic builds on trends from the inaugural report to place ALE momentum in context. As larger businesses adopt ICHRAs, the number of American workers offered customizable, quality health benefits has nearly tripled in the last year.

