

CRC BENEFITS

Why ICHRA Deserves a Serious Look Right Now



If you're advising employers on health benefits, the most recent renewal cycle likely confirmed what many brokers have felt for a while. Costs remain hard to predict. Plan flexibility is limited. And more employers are questioning whether traditional group coverage can realistically support the way their workforce looks today.

Those conversations did not start this year, but they became harder to ignore coming out of renewal. Employers are asking better questions. Brokers are being asked to bring forward options that feel more intentional, not just familiar.

That's where ICHRA continues to enter the discussion.

The Individual Coverage Health Reimbursement Arrangement has been around since the beginning of 2020, but interest has accelerated as advisors seek ways to give clients greater budget clarity without sacrificing employee experience. What once lived on the edge of benefits conversations is now being evaluated more seriously, particularly for employers who feel boxed in by the group market.

The structure matters, but the way it's positioned matters just as much.

A PRACTICAL REFRESHER ON HOW ICHRA WORKS

At its core, ICHRA allows an employer to define what they want to contribute toward health benefits.

Employees then use that contribution to purchase individual health insurance coverage and receive reimbursement for premiums and other eligible medical expenses.

In practice, it is increasingly rare for ICHRAs to function as true reimbursement programs. Most modern ICHRA administrators now pay insurance premiums directly to carriers, reducing cash-flow strain on employees and creating an experience that feels much closer to a traditional group plan for both employers and employees.



Contribution levels are set in advance and can vary by class, geography, or family status making renewal planning more stable and conversations more grounded.

From an advisory standpoint, the distinction is important. The employer controls the budget. The employee controls the plan choice.

That shift alone changes how benefits conversations unfold. Instead of trying to predict renewal outcomes, brokers can help employers set clear parameters upfront. Instead of forcing every employee into the same plan design, advisors can support choice that reflects real differences in needs and circumstances.

When positioned clearly, ICHRA becomes less about disruption and more about alignment.

WHY ICHRA IS SHOWING UP MORE OFTEN IN BROKER CONVERSATIONS

The increase in attention around ICHRA is not anecdotal. Industry reporting has started to catch up with what many advisors have already been experiencing in client conversations.

A recent BenefitsPro article pointed to ICHRA enrollment nearly tripling as more employers and employees shift toward defined contribution and cash-for-coverage models. That kind of growth does not happen quietly. It shows up in strategy discussions, in renewal debriefs, and in questions about what comes next when traditional group plans stop feeling sustainable.

That momentum matters. It signals that ICHRA is no longer a fringe alternative or a niche solution. It is becoming part of the broader benefits landscape that advisors are expected to understand, evaluate, and, when appropriate, recommend. Brokers are seeing ICHRA surface more frequently for practical reasons, not trend-driven ones.

+ Cost predictability is a credibility issue

- After years of volatile renewals, employers are tired of surprises. With ICHRA, contribution levels are defined in advance. They can vary by employee class, geography, or family status, but they remain intentional.
- For advisors, that predictability supports longer-term planning and more grounded discussions about sustainability.

+ It opens doors for employers who previously opted out

- Many employers adopting ICHRA had never offered health coverage at all. Traditional group plans simply did not make financial sense, or employee participation was too low to meet group carrier requirements for coverage.
- Brokers are using ICHRA to reengage those employers with a benefits strategy that feels achievable, not risky. That expands access without forcing a one-size-fits-all solution.

+ It fits how work is actually structured today

- Remote teams and multi-state workforces are now the norm. Managing multiple group plans across regions adds complexity quickly.
- ICHRA works across locations without creating additional administrative layers, a practical advantage that advisors are leaning into.

+ Employee engagement tends to improve

- When employees choose their own coverage, they tend to engage more thoughtfully. Often, brokers see stronger participation and fewer reactive complaints because the decision feels personal, not imposed.

WHY EMPLOYEES RESPOND WELL WHEN ICHRA IS POSITIONED CORRECTLY

Choice is part of the appeal, but it's not abstract. For some employees, it means keeping a provider they trust. For others, it allows stronger coverage in years when healthcare needs are higher. For many, it simply means having a voice.

There is also a sense of ownership. With ICHRA, employees enroll in individual plans that belong to them. If they change jobs,

the coverage stays in place, the deductible doesn't reset, and they don't have to update all their providers with new insurance information. That continuity reduces disruption and adds stability. When education and enrollment support are handled well, satisfaction tends to follow. When they aren't, confusion sets in quickly. Brokers play a central role in determining which experience employers and employees have.

When employees select coverage that fits their needs and providers, participation often strengthens.



COMMON MISCONCEPTIONS ADVISORS ARE STILL HEARING

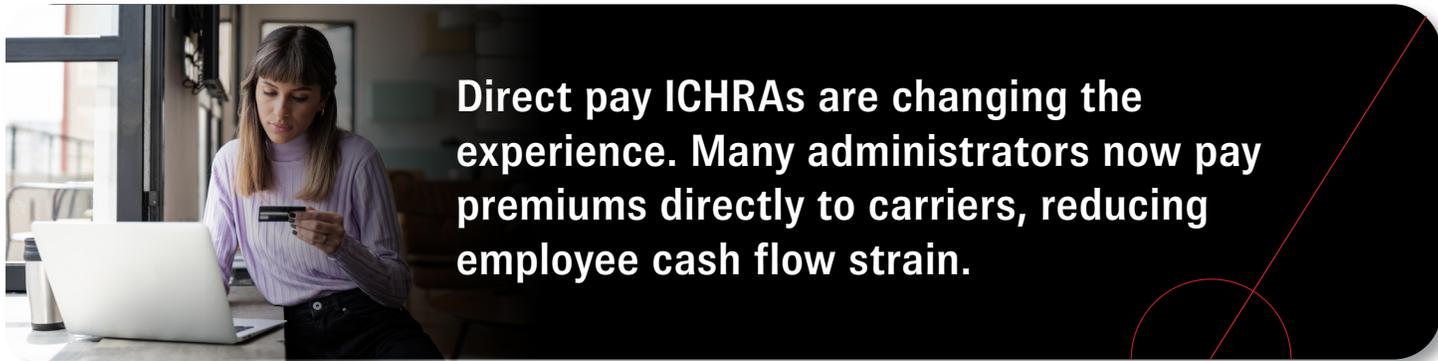
Despite growing adoption, ICHRA hesitation remains. In most cases, it comes down to unfamiliarity or poor past positioning.

- + **Employees will be overwhelmed**
 - This concern usually reflects a lack of education, not a flaw in the model. With the right guidance, employees are capable of comparing options and making informed choices. The larger risk is unclear communication.
- + **The individual market won't offer quality options**
 - Individual markets have matured significantly. In many regions, networks and plan designs compare favorably to traditional group coverage.
- + **ICHRA is only for small employers**
 - Small groups were early adopters, but use among mid-sized and larger employers continues to grow. The structure can scale when it's designed thoughtfully.
- + **Group plans are always better**
 - Sometimes they are. Sometimes they aren't. ICHRA works best when it's evaluated alongside other options, not framed as a universal replacement.

WHY REIMBURSEMENT-STYLE ICHRAS ARE BECOMING THE EXCEPTION — NOT THE RULE

When Individual Coverage Health Reimbursement Arrangements (ICHRAs) first entered the market, they were typically administered as true reimbursement programs. Employees paid their individual insurance premiums out of pocket, submitted documentation, and waited for repayment. While compliant, this approach often created friction for both employers and employees. Cash-flow strain on employees, manual substantiation, and tedious reimbursement cycles made ICHRAs feel very different from the predictability of a traditional group health plan. But that older version of ICHRAs is rapidly fading.

Today's leading ICHRA administrators have evolved into highly integrated, technology-driven platforms capable of handling premium payments directly with insurance carriers. This shift represents one of the most meaningful advancements in the ICHRA landscape — and it's fundamentally reshaping how employers and employees experience these arrangements.



Direct pay ICHRAs are changing the experience. Many administrators now pay premiums directly to carriers, reducing employee cash flow strain.

Because premiums can be paid directly — rather than reimbursed — employees no longer have to front the cost or deal with claims-style substantiation. For employers, the administration begins to look and feel like managing a group plan, but with the flexibility and cost control that ICHRAs uniquely offer.

+ Why This Matters to Employers

- Direct-pay ICHRAs eliminate administrative pain points and reduce concerns such as employees struggling with large upfront premium payments, reimbursement delays or incorrect documentation, year-round receipt management, and manual reconciliation of payments.
- By shifting these responsibilities to the ICHRA administrator, employers gain a streamlined, predictable experience without sacrificing the personalization and cost-efficiency that make ICHRAs attractive in the first place.

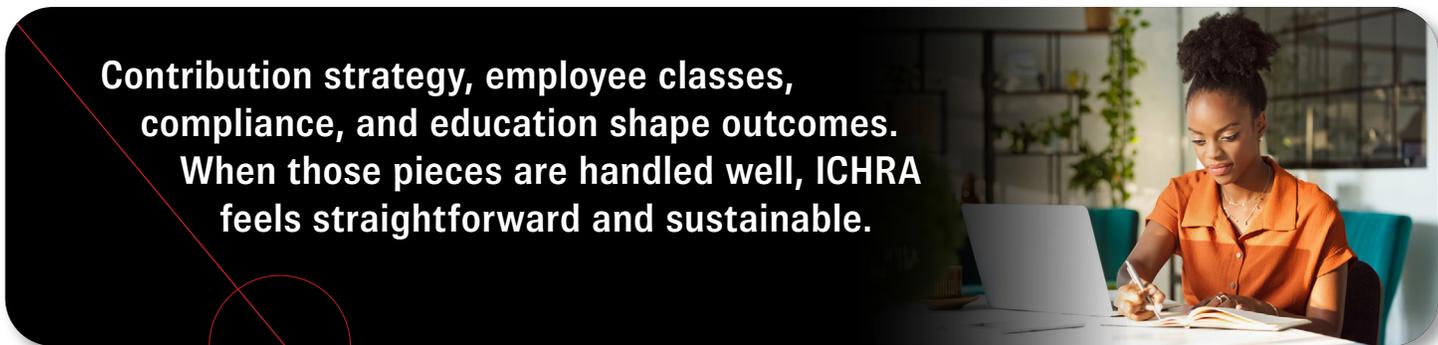
+ Modern ICHRAs: A Group-Plan Experience With Individual-Market Flexibility

- As ICHRA vendors continue to enhance their platforms, integrate with more carriers, and automate increasingly complex processes, reimbursement-style models are quickly becoming the outlier.
- The result? ICHRAs are now capable of delivering the best of both worlds — the personalization of individual coverage paired with the seamless administration of a group plan.

WHAT BROKERS ARE SEEING IN PRACTICE

One of the clearest indicators of ICHRA's effectiveness is retention. Employers that move to ICHRA and implement it intentionally tend to stay with it. Renewal conversations become more strategic. Budget discussions feel clearer. HR teams report fewer plan-related complaints and more productive employee questions.

Advisors often notice the shift by the second year. The conversation moves away from reacting to increases and toward refining contribution strategy and employee support. And, this isn't theoretical. These outcomes are tied to how the arrangement is designed, communicated, and supported.



Contribution strategy, employee classes, compliance, and education shape outcomes. When those pieces are handled well, ICHRA feels straightforward and sustainable.

THE BOTTOM LINE

ICHRA can be a strong option when it fits the situation.

It gives employers a way to bring discipline to benefits spending while giving employees more say in their coverage. For some clients, it creates a realistic path to offering health benefits for the first time. For others, it introduces flexibility that traditional group plans struggle to provide.

Contribution levels, employee classes, compliance considerations, and education all shape the experience. When those elements align, ICHRA feels straightforward. When they don't, it can feel disruptive.

At CRC Benefits, we work alongside brokers to evaluate whether ICHRA makes sense for a client's workforce, budget, and long-term goals. Sometimes it's the right answer. Sometimes it's one piece of a broader strategy. Either way, the objective stays the same. Build a benefits approach that employees understand, leadership can sustain, and advisors can confidently stand behind.

If you're evaluating ICHRA for a client or want a clearer comparison against other options, the CRC Benefits team is here to help you work through the details and determine the best path forward.

CONTRIBUTOR

- + Patti Reimer is the Benefits Sales Executive for CRC Benefits Value-Add Products Team.