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2024 ICHRA Report

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Introduction

[Remodel Health](#) and [PeopleKeep](#) present this comprehensive report on the widespread adoption of the Individual Coverage Health Reimbursement Arrangement (ICHRA) across various industries and states. From agriculture to technology companies, this report highlights ICHRA's ability to adapt to the unique needs of businesses in diverse sectors.

Employers are finding that the ICHRA offers more choice for employees and budget control for employers. With it, organizations of all sizes can offer a defined monthly contribution for employees to spend on the individual health insurance plans and qualifying out-of-pocket medical expenses of their choosing.

Given the flexibility of an ICHRA, its popularity has grown considerably since it became available in 2020. According to the [HRA Council](#), of which Remodel Health is a member organization, ICHRA adoption among U.S. employers grew by 29% from 2023 to 2024.

Whether it's a small business offering health coverage for the first time or large employers seeking seeking cost effective ways to provide bespoke benefits packages, ICHRA empowers employers to provide tailored benefits to meet their workforce's needs.

Remodel Health and PeopleKeep gathered the data in this report from our ICHRA customers and their employees. We examined how organizations of all sizes across various industries used our ICHRA solutions to provide personalized health benefits to their employees.

Industries Included in this Report:



Agriculture



Automotive



**Business
Services**



Construction



Consulting



Dental



Education



Engineering



**Financial
Services**



**Food &
Beverage**



Healthcare



**Insurance
Services**



Legal Services



Logistics



Manufacturing



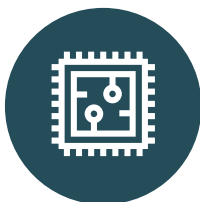
Nonprofit



Real Estate



Retail



Technology



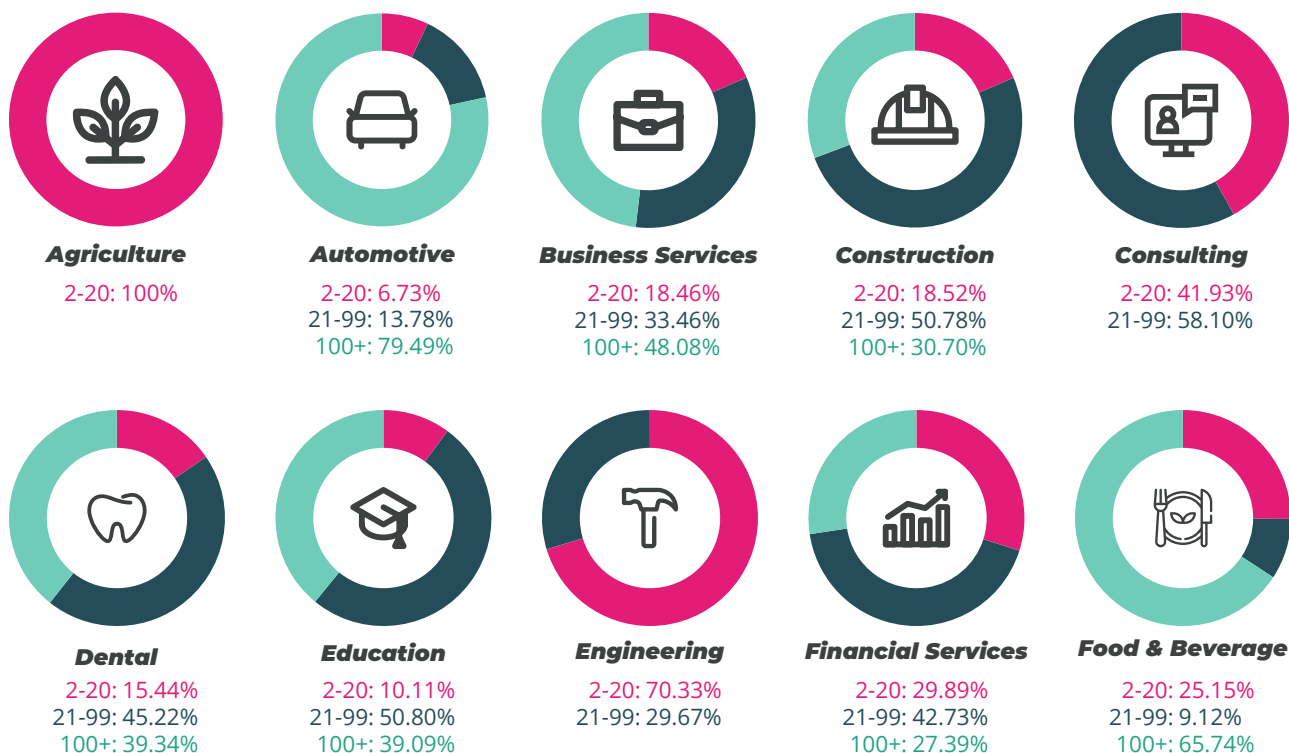
Veterinary

Weight of Employee Range by Industry

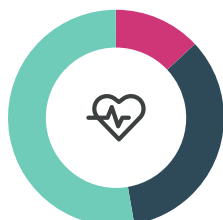
This graph reveals a balanced distribution of ICHRA adoption across various industries and employer size tiers, underscoring that while ICHRA may not be a ‘magic bullet,’ it is highly adaptable, with viable applications across a wide array of business types. For brokers, this means there’s likely a segment within any client portfolio where ICHRA can provide the optimal solution.

Some industries, like automotive, non-profit, and food and beverage, stand out with notable adoption among larger employers, aligning naturally with ICHRA’s flexibility and structure.

However, the consistent spread across industries and the upward trend in adoption emphasize that ICHRA has relevance across the board. This makes it likely that every broker’s book of business contains groups where ICHRA could meet specific needs effectively.

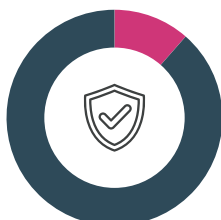


Weight of Employee Range by Industry (cont.)



Healthcare

2-20: 13.04%
21-99: 34.25%
100+: 52.71%



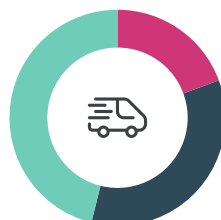
Insurance Services

2-20: 11.45%
21-99: 88.55%



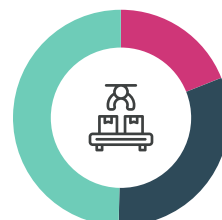
Legal Services

2-20: 43.31%
21-99: 18.46%
100+: 38.23%



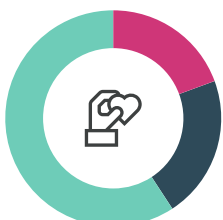
Logistics

2-20: 19.38%
21-99: 34.53%
100+: 46.09%



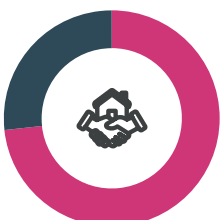
Manufacturing

2-20: 18.99%
21-99: 31.36%
100+: 49.65%



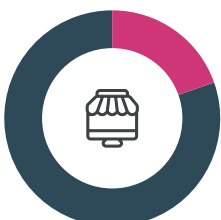
Nonprofit

2-20: 19.40%
21-99: 21.39%
100+: 59.20%



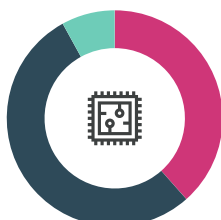
Real Estate

2-20: 73.27%
21-99: 26.73%



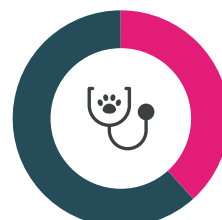
Retail

2-20: 19.62%
21-99: 80.38%



Technology

2-20: 38.46%
21-99: 53.54%
100+: 8.00%



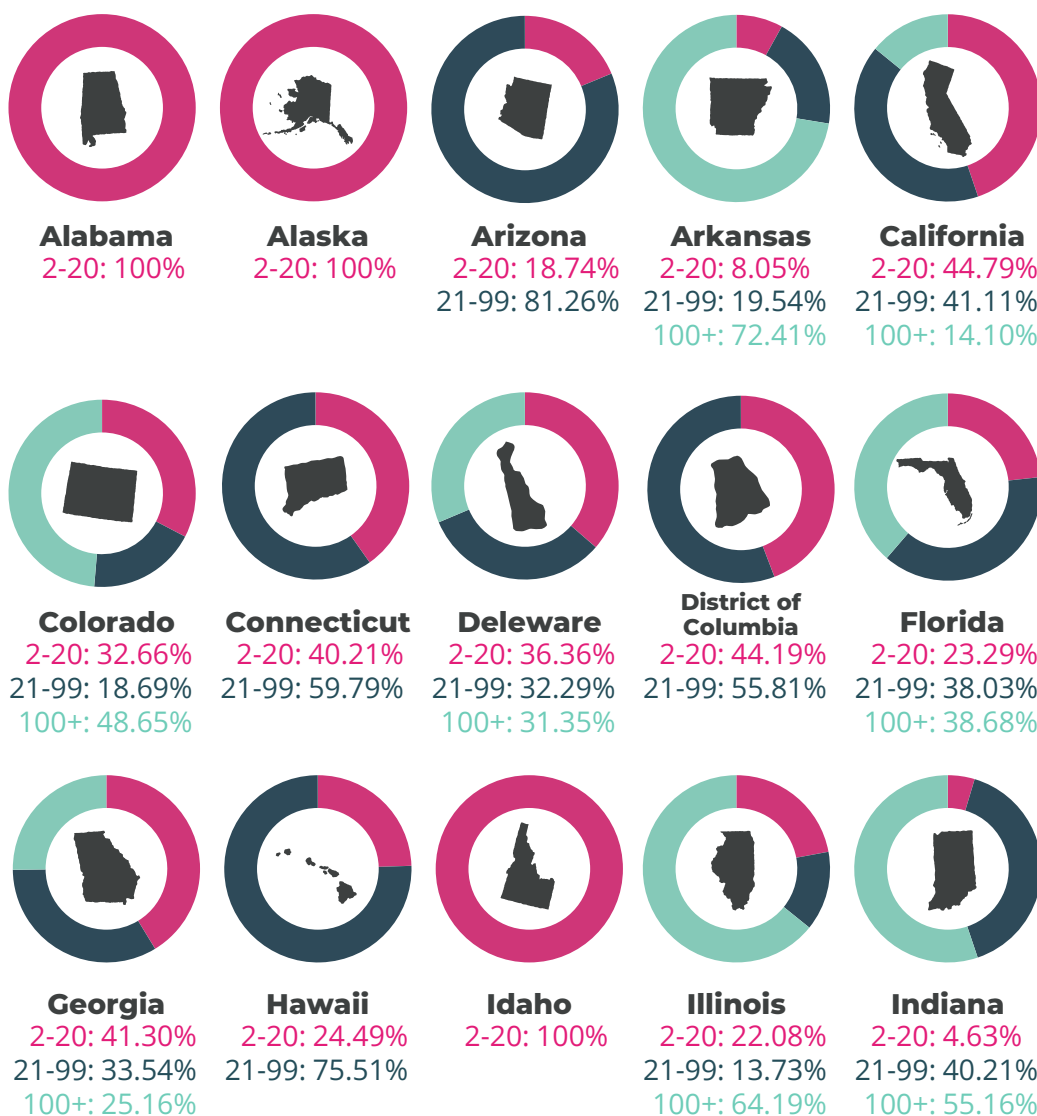
Veterinary

2-20: 38.34%
21-99: 61.66%

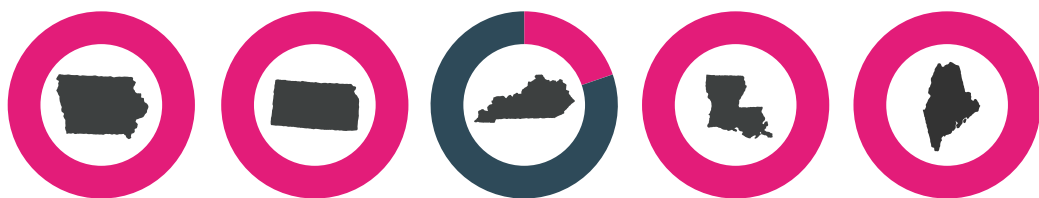
Weight of Employee Range by State

Here, we highlight that ICHRA is gaining traction not only across various industries but also throughout all states. Understanding market saturation within each state is essential for brokers to gauge whether their clients are already familiar with ICHRA or if it remains a relatively new concept in certain areas.

Our goal is to equip brokers not only with insights into viable industries but also with a sense of the geographic regions where ICHRA solutions are more widely adopted, helping them identify where opportunities might lie based on both industry and location trends.



Weight of Employee Range by State (cont.)



Iowa

2-20: 100%

Kansas

2-20: 100%

Kentucky

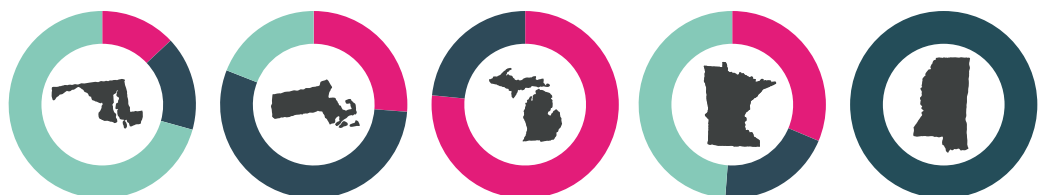
2-20: 19.72%
21-99: 80.28%

Louisiana

2-20: 100%

Maine

2-20: 100%



Maryland

2-20: 13.02%
21-99: 16.31%
100+: 70.67%

Massachusetts

2-20: 26.22%
21-99: 54.76%
100+: 19.02%

Michigan

2-20: 78.89%
21-99: 24.11%

Minnesota

2-20: 31.33%
21-99: 19.89%
100+: 48.78%

Mississippi

21-99: 100%



Missouri

2-20: 100%

Montana

2-20: 37.31%
21-99: 62.69%

Nebraska

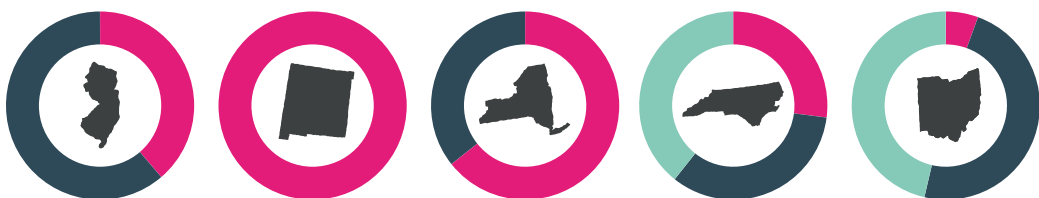
21-99: 100%

Nevada

2-20: 32.20%
21-99: 67.80%

New Hampshire

2-20: 13.54%
21-99: 13.02%
100+: 73.44%



New Jersey

2-20: 38.74%
21-99: 61.26%

New Mexico

2-20: 100%

New York

2-20: 67.55%
21-99: 37.45%

North Carolina

2-20: 27.04%
21-99: 33.66%
100+: 39.30%

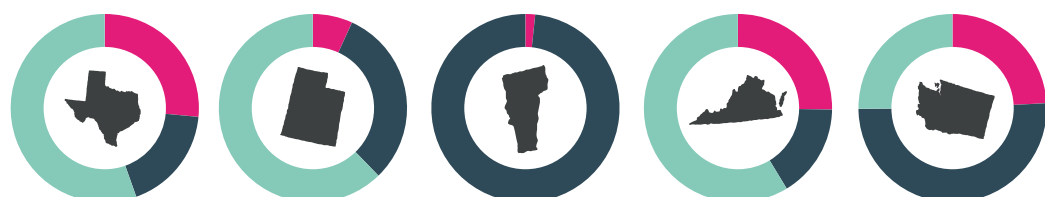
Ohio

2-20: 5.57%
21-99: 48.09%
100+: 46.34%

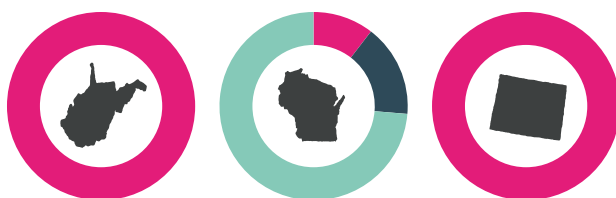
Weight of Employee Range by State (cont.)



Oregon	Pennsylvania	Rhode Island	South Carolina	Tennessee
2-20: 9.70%	2-20: 16.18%	2-20: 100%	2-20: 33.61%	2-20: 26.20%
21-99: 8.96%	21-99: 35.75%		21-99: 66.39%	21-99: 8.95%
100+: 81.33%	100+: 48.08%			100+: 64.85%



Texas	Utah	Vermont	Virginia	Washington
2-20: 26.49%	2-20: 6.83%	2-20: 1.67%	2-20: 25.25%	2-20: 24.18%
21-99: 18.08%	21-99: 30.92%	21-99: 98.33%	21-99: 16.09%	21-99: 50.70%
100+: 55.43%	100+: 62.25%		100+: 58.66%	100+: 25.12%



West Virginia	Wisconsin	Wyoming
2-20: 100%	2-20: 10.44%	2-20: 100%
	21-99: 15.90%	
	100+: 73.67%	

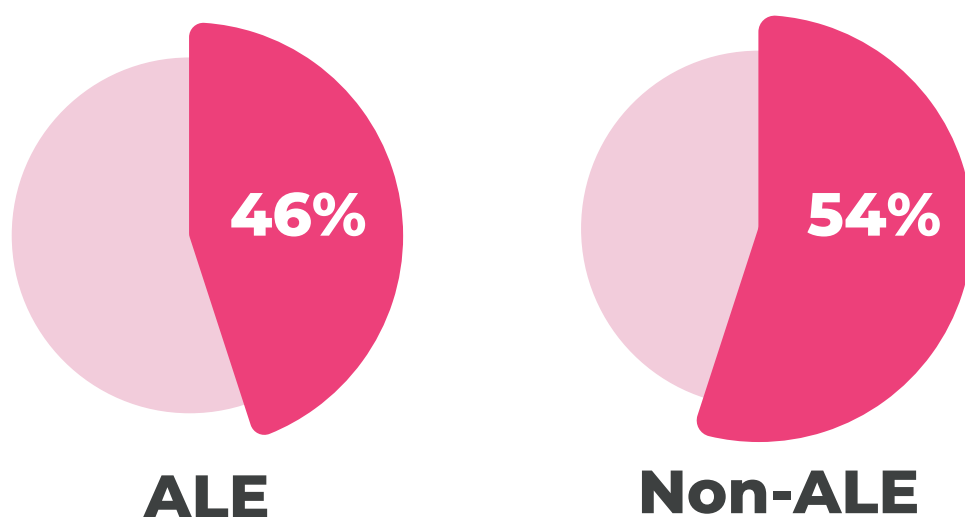
Percentage of Employees on ICHRA Who Work For an ALE

This illustration represents the total share of employees who are employed by an applicable large employer (ALE) versus those who are not. With it, we see one of the most intriguing insights in the report, revealing a near-even split in ICHRA adoption between small employers and ALEs.

ALEs, governed by the large employer mandate, must provide health benefits to employees, whereas smaller groups with less than fifty employees have no such requirement.

This balanced adoption highlights ICHRA's versatility as an entry point for health benefits, especially for small businesses exploring offering benefits for the first time. ICHRA's flexibility allows small organizations to align health benefits with their specific financial and operational needs. Simultaneously, more large employers are choosing ICHRA as a cost-effective way to meet ALE requirements, providing competitive benefits that help attract and retain talent while managing costs effectively.

This data reveals a near-even split between small employers and applicable large employers (ALEs) using an ICHRA.

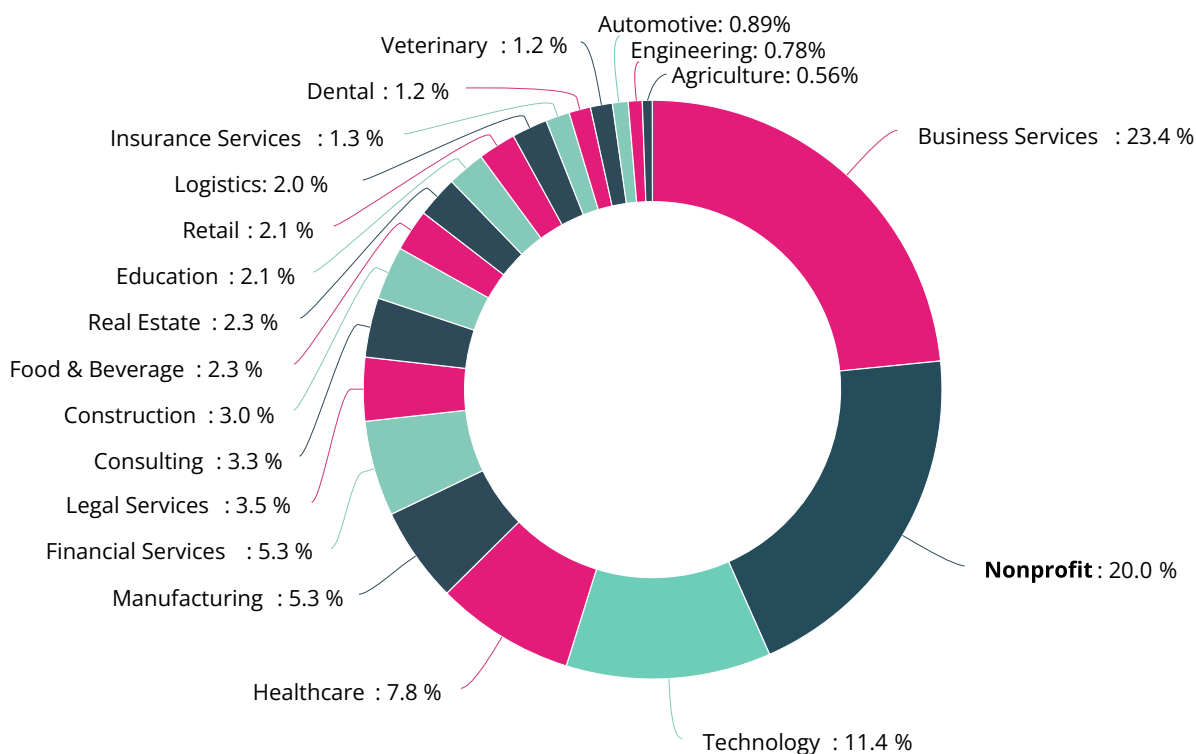


Percentage of ICHRA Adoption by Industry

This breakdown highlights the fastest-growing industries in ICHRA adoption. For more granular details, refer to the industry glossary to understand the specific subcategories within these broader industry groups.

At the top, we see strong participation from business services and nonprofits, followed closely by technology, healthcare, and manufacturing. Interestingly, over one-third of the remaining ICHRA participation spans a variety of other industries, reinforcing the broader trend of cross-industry adoption.

This data underscores that ICHRA continues to prove itself as a versatile solution across diverse industry sectors, making it an increasingly relevant tool to serve a wide array of businesses effectively.



Average ICHRA Contribution by Employer Size

Next, the data below aligns closely with expected compensation patterns across industries, reflecting how average health benefits contributions vary accordingly.

For example, industries like engineering, dentistry, and real estate—often associated with higher wage earners—show higher average ICHRA contributions compared to sectors like food and beverage or logistics.

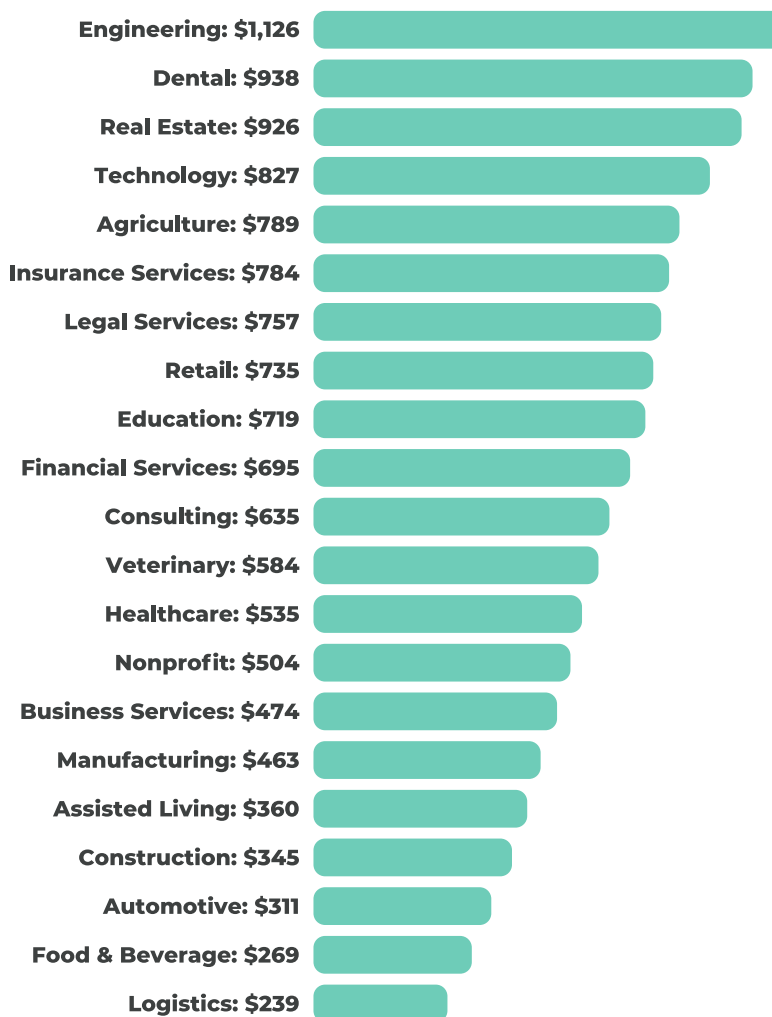
This data provides a useful benchmark, enabling employers to assess how their contributions compare within their industry and consider whether investing in an ICHRA might offer a more competitive and flexible approach to healthcare spending than traditional methods.



Average ICHRA Contribution by Industry

While it might be expected that larger employers would contribute more to employee health benefits, the data findings suggest a different story that highlights the unique advantages for small employers. Small businesses often struggle to compete with the extensive resources of larger enterprises. However, with ICHRA, they're able to offer more competitive contributions, helping to level the playing field and attract talent more effectively.

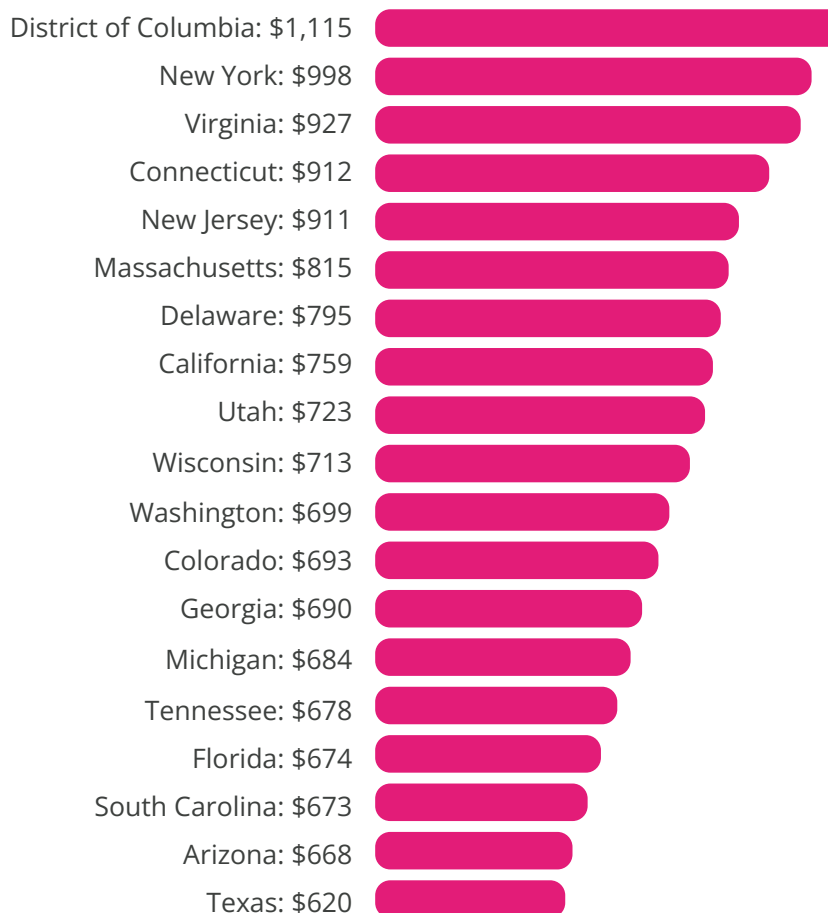
For large employers, this data is equally intriguing—it shows they can provide robust, personalized benefits at a more efficient cost. By moving away from traditional group models, larger employers can stretch their contribution dollars further, enhancing their benefits offerings without significantly increasing expense.



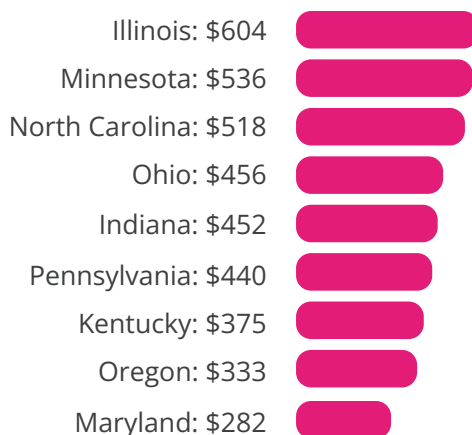
Average ICHRA Contribution by State

This report doesn't include every state, but it highlights three important segments. First, at the top end, we see states with the highest contribution levels, often aligned with areas known for higher living costs. At the other end, some states show lower contributions, which could be linked to regional economic factors or the specific plans available locally. The third significant insight is the nearly even distribution in the middle range, where many employers are finding value in maintaining stable, competitive contributions. This middle trend indicates a broader preference for cost-controlled health benefits.

Together, these insights offer brokers and employers valuable context, allowing them to consider geographic influences as they design ICHRA plans suited to their location.



Average ICHRA Contribution by State (cont.)



Percentage of ICHRA Employee Participation by Coverage Level

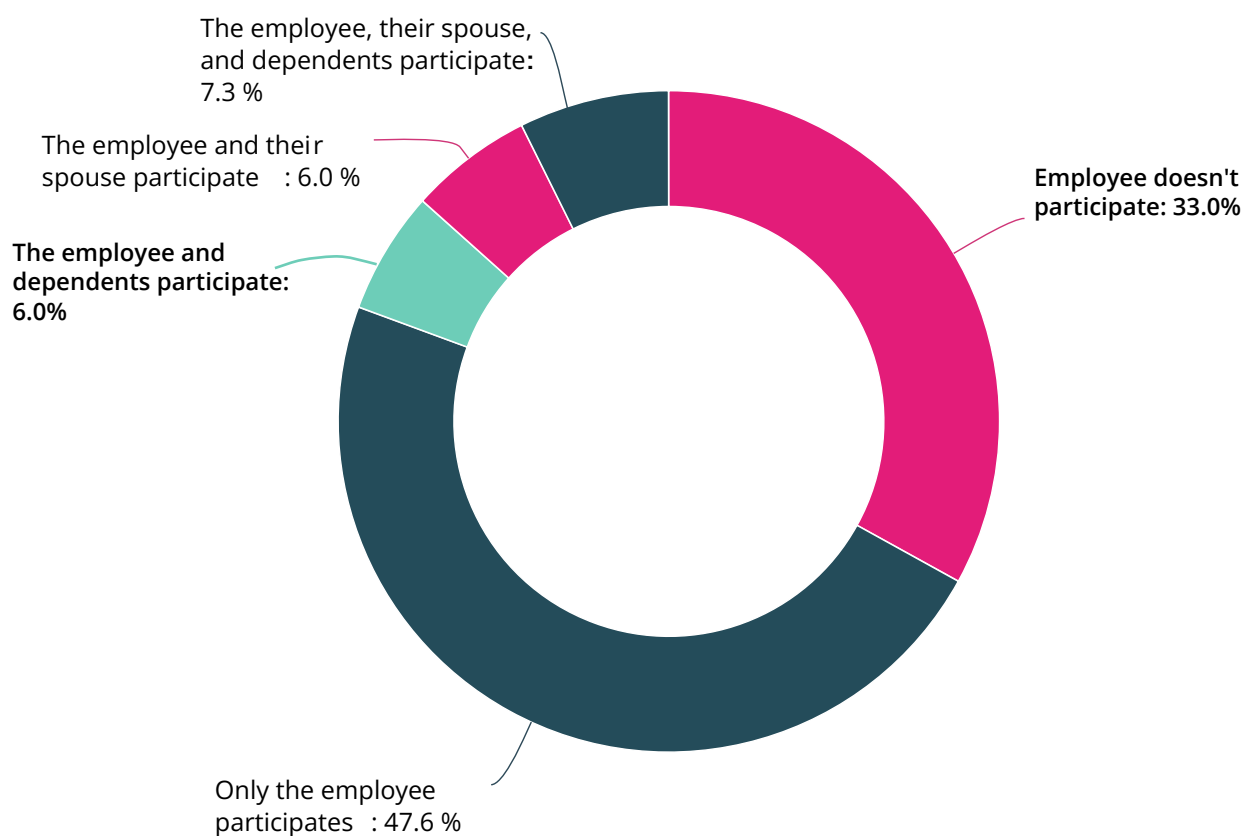
The overall average ICHRA participation rate across all industries is 66.9 percent. Considering the greater number of options such as Medicare, spouse plans, etc., this data aligns with findings from the [Bureau of Labor Statistics](#), which stated the percentage of employee participation in medical care benefits was “66 percent for full-time workers and 46 percent for part-time workers.”

When it comes to employee participation, there are two key considerations. First, do employees actually want to participate in ICHRA? And second, if they do, at what level? This graph answers both questions, showing that around one-third of employees choose to participate, aligning with industry expectations. While this percentage may vary, it serves as a reliable benchmark.

Additionally, the enrollment distribution across coverage levels—employee-only, employee-child, employee-spouse, and employee-family—is insightful. Just under half of employees opt for employee-only, with

Percentage of ICHRA Employee Participation by Coverage Level (cont.)

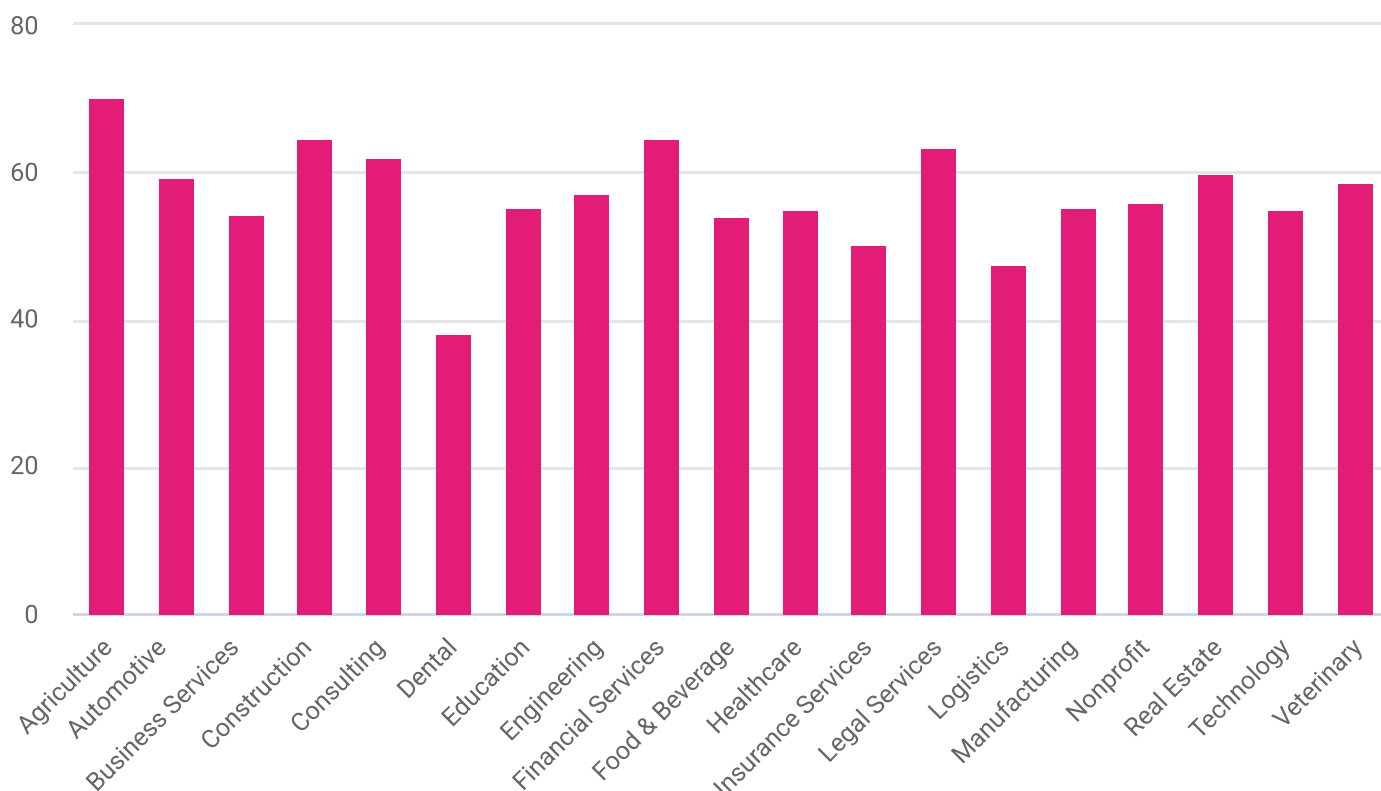
the remaining options divided among family configurations. This slightly lower than average participation in family coverage may reflect the individualized approach of ICHRA, where employees have more tailored options and a better understanding of their choices. This flexibility likely enhances satisfaction with their selected benefits, as shown in the data.



Percentage of ICHRA Employee Participation by Industry

In examining industry participation, we see a notable range. For example, dental offices report the lowest participation, which aligns with trends showing that many employees in this field often join their spouse's plan rather than opting into their own workplace plan.

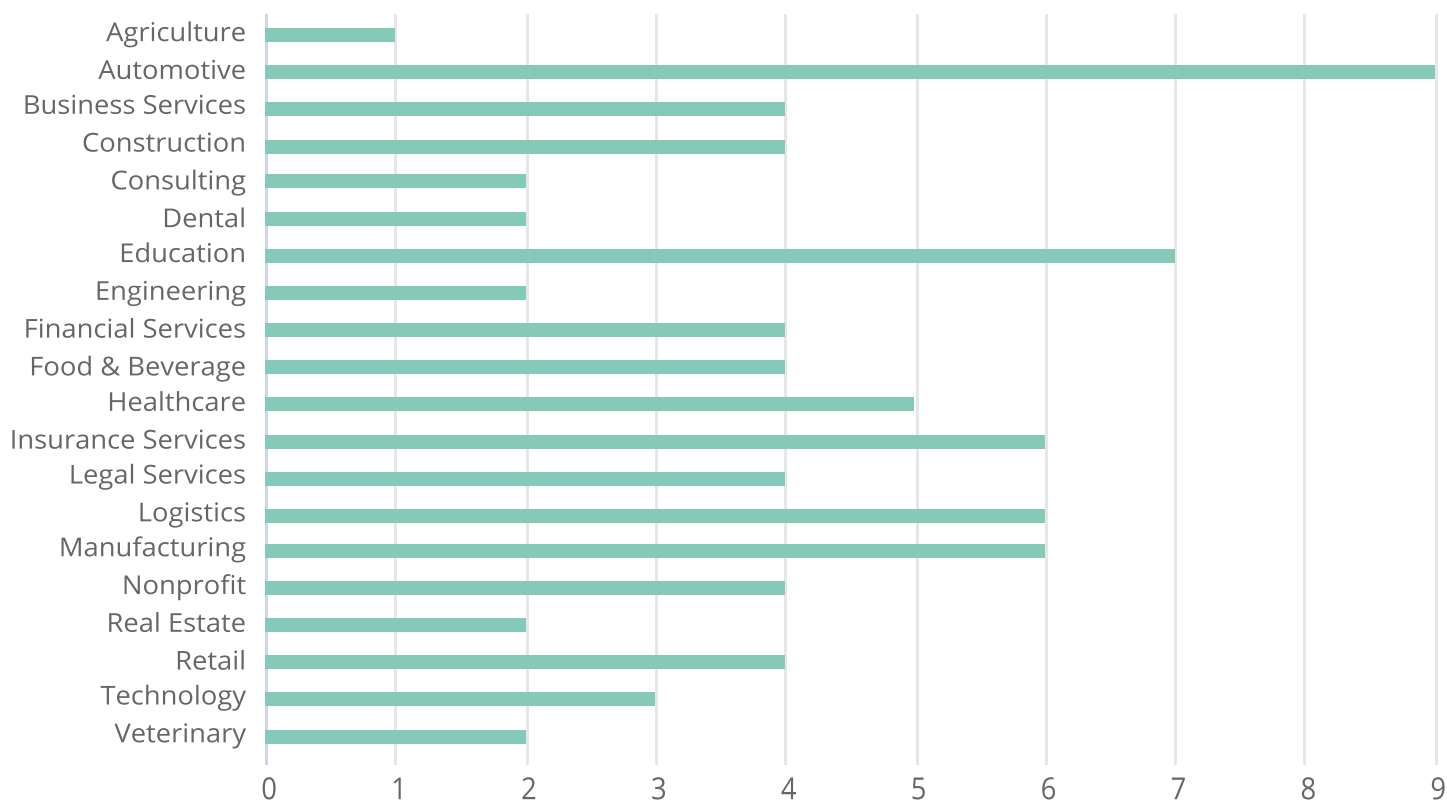
On the other end, agriculture has the highest participation rate at seventy percent, which is typical given the unique needs of this workforce and the demand for accessible health benefits. These insights are valuable for brokers, providing a nuanced understanding of how participation varies by industry and offering a foundation for tailoring benefit plans to meet industry-specific expectations and employee demographics.



Average Number of Plans Selected by Industry

One of the standout features of ICHRA is that it empowers employees to choose any health plan available to them, using the ICHRA contribution dollars provided by their employer. This often results in more plan options being selected across an organization than what might have been offered under a traditional group model. The data reveals fascinating variations in plan choice by industry.

At one end, in agriculture, most employees tend to select the same plan, indicating satisfaction with a single option. Moving up, we see industries like logistics, manufacturing, insurance services, and education adopting two to three plans, which aligns with typical group plan baselines. At the very top, industries like insurance and education average nine different plans per group under ICHRA. This demonstrates the high value employees in these sectors place on having personalized options that meet their unique needs. For employers looking to stay competitive, it's not just about offering a plan—it's about offering personalized choices that align with employees' individual preferences, a trend clearly reflected across industries in this data.

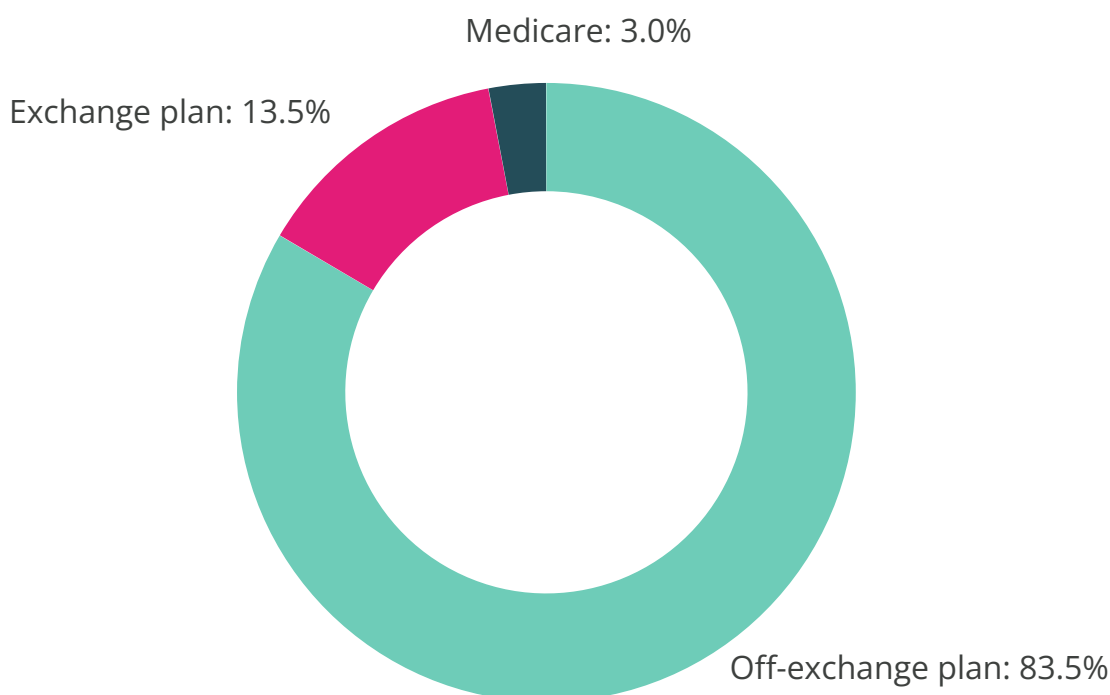


Percentage of Plans Selected: On- vs. Off-Exchange

Understanding where employees are sourcing their plans is a critical detail, especially for brokers guiding both employers and employees. While many strong options exist on the exchange, off-exchange plans often bring unique benefits, including different plan types and certain tax advantages.

Additionally, it's notable that around three percent of all ICHRA groups have employees transitioning from a group plan to Medicare. This is an important opportunity, as Medicare can offer substantial benefits, yet many employees lack structured support to make this transition.

Overall, whether it's leveraging off-exchange options or helping employees transition to Medicare, this graph sheds light on the primary sources of plans employees are choosing, underscoring the importance of broker guidance in navigating these choices.

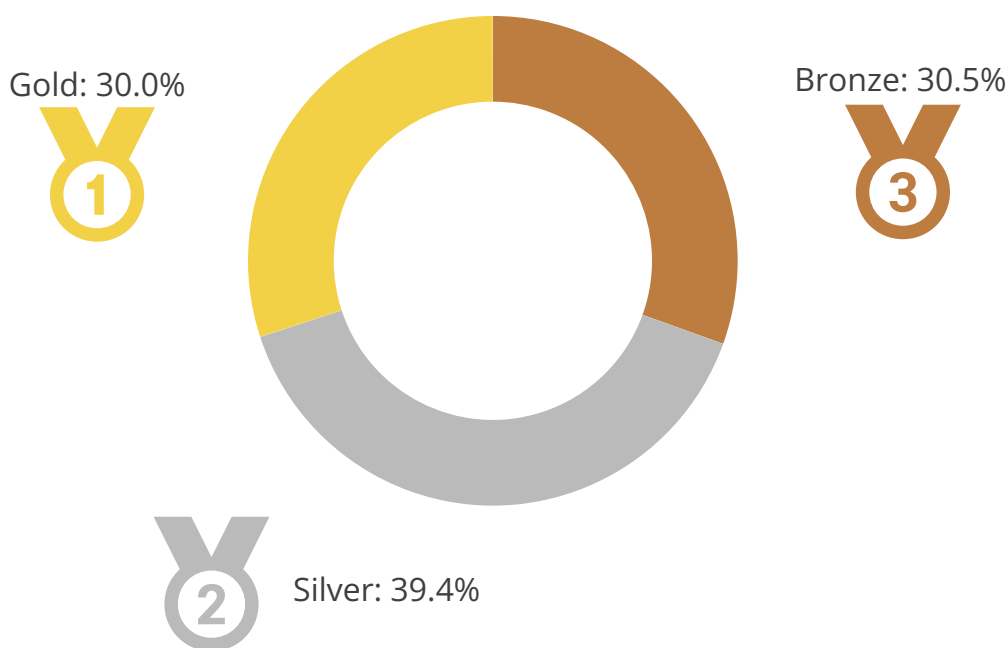


Percentage of Plans Selected: Metal Levels

Next, this section explores not only the variety of plans employees select but also the metal levels they choose—Bronze, Silver or Gold. This insight is crucial because it reflects the quality of coverage employees prioritize.

Fascinatingly, the data shows an even distribution across metal levels, with a slight preference for mid-tier options. This indicates that employees aren't simply opting for the cheapest plans. When comparing the average employer contributions with actual plan costs, we see that employees frequently invest additional funds in higher-quality plans that offer better protection, thanks to the flexibility and personalized choice ICHRA provides. This not only enhances employees' satisfaction with their benefits but also positively impacts the stability of individual marketplace risk pools, as more funds contribute to maintaining robust coverage.

The balanced distribution here underscores that employees are thoughtfully choosing plans that meet their needs and provide meaningful coverage.



Average Number of States per ALE

For large employers, ICHRA serves as an affordable solution to meet the ALE mandate, particularly benefiting those with employees across multiple states.

With an average of over four states represented per ALE, this data suggests that ICHRA is highly effective for organizations with a geographically dispersed workforce. This structure allows for the use of employee classes to personalize benefits according to both geographic and financial factors, making it an adaptable choice for large, multi-state companies.

For small employers, with an average of two states represented per ICHRA plan, this flexibility is equally valuable. Small employers often choose ICHRA because it provides a more customizable approach, enabling them to tailor benefits uniquely for their employee base.

This data underscores a key differentiator of ICHRA: its ability to seamlessly support organizations of any size with multi-state employees, offering a level of flexibility that other benefits models may lack. Whether large or small, employers find ICHRA advantageous for providing consistent and personalized coverage across state lines.

2.02 states

Non-ALEs

4.35 states

ALEs

Conclusion

Since first becoming available in 2020, the ICHRA has grown rapidly in popularity among employers looking for an affordable and personalized health benefit for their employees.

With the acceleration in the number of companies offering an ICHRA and employees opting into participation, the benefit has asserted itself as a strong alternative to traditional group health insurance plans. The customer data in this report shows that organizations of all sizes can leverage an ICHRA to provide their employees with a comprehensive, individualized health benefit to attract and retain top talent.

Take your next step with the data

Are you ready to learn more about how the ICHRA can help you and your clients?

FOR BROKERS

ICHRA Academy™ is a structured training program designed to empower brokers to implement ICHRAs.

FOR LARGE EMPLOYERS

Learn more about Remodel Health's ICHRA administration and white-glove service for employers with 50+ employees.

FOR SMALL EMPLOYERS

Learn more about PeopleKeep's ICHRA administration platform for small employers with fewer than 50 employees.

Industries Glossary



Agriculture

The agriculture companies in this dataset include seed suppliers, nurseries, and botanical organizations. These businesses focus on supplying seeds for crop production, developing plants for both agricultural and decorative purposes, and fostering sustainable land management and conservation practices.



Automotive

Automotive companies represented include dealerships, maintenance providers, and specialty auto shops. These businesses sell vehicles, provide repair and maintenance services, and offer aftermarket parts and accessories for a variety of vehicles.



Business Services

The business services sector includes a wide range of companies offering specialized support to help organizations operate effectively and meet unique needs. This field encompasses consulting firms that provide strategic and operational guidance and administrative support agencies that streamline tasks for businesses. Many companies focus on facilities and property maintenance, offering cleaning, restoration, and general upkeep services that allow businesses to maintain a productive environment. Creative and media services are also prominent, with firms specializing in public relations, marketing, and event planning to enhance brand visibility and audience engagement. Notably, this industry includes small custom shops that create bespoke clothing, jewelry, and accessories, catering to clients looking for one-of-a-kind, handcrafted products. These diverse services give businesses access to the expertise, resources, and flexibility to meet their goals and support growth across various industries.



Construction

Construction companies here range from general contractors to specialized trades like landscaping, demolition, and drywall installation. They work on building and renovating residential, commercial, and industrial spaces, often with a focus on custom construction projects and maintenance services.



Consulting

Consulting firms represented cover diverse specializations, such as management strategy, environmental consulting, and tax advisory services. They provide expertise to help businesses solve specific challenges, improve efficiency, and adapt to regulatory or market changes.



Dental

Dental practices and services in this dataset provide general and specialized dental care, including pediatric dentistry and oral surgery. These companies focus on preventive care, cosmetic dentistry, and various treatments to support overall oral health.



Education

Education companies include private schools, tutoring services, and specialized training programs. These organizations support academic and personal development through early childhood programs, alternative learning environments, and industry-specific training.



Engineering

Engineering companies represented cover a variety of fields, from environmental engineering to mechanical and civil engineering. These firms provide technical solutions for building infrastructure, product design, and environmental management.



Financial Services

The financial services sector includes wealth management firms, tax consultants, and investment companies. These businesses assist individuals and companies with financial planning, investment management, and regulatory compliance.



Food & Beverage

Food and beverage companies here include restaurants, coffee shops, and specialty food producers. They provide a range of offerings, from locally sourced foods to unique dining experiences and artisanal products.



Healthcare

Healthcare organizations represented offer medical services ranging from primary care to specialized clinics for mental health and physical therapy. These companies provide healthcare access and support for both preventive and urgent needs.



Insurance Services

Insurance companies in this dataset offer policy services for health, life, and property insurance. These businesses focus on risk management and provide financial protection solutions for individuals and businesses.



Legal Services

Legal services companies include law firms and consulting groups offering services in corporate law, family law, and personal representation. They support clients with legal advice, dispute resolution, and regulatory compliance.



Logistics

Logistics companies here manage the transportation, storage, and distribution of goods. They support supply chain efficiency by coordinating shipments, warehousing, and other logistics services for various industries.



Manufacturing

Manufacturing companies include those producing consumer goods, industrial parts, and specialized equipment. These businesses are involved in the production, assembly, and distribution of products across various markets.



Nonprofit

The nonprofit organizations in this dataset cover a broad range of missions and services, united by a focus on supporting community needs and advancing public interests.

Religious organizations and churches make up a substantial portion of this sector, offering spiritual guidance, outreach programs, and a range of support services to communities.

Many nonprofits focus on social services, addressing critical needs such as housing, education, and food security for vulnerable populations. Environmental groups work to protect and conserve natural resources, promote sustainability, and educate the public on conservation issues.

Cultural organizations in this sector support the arts, providing programs, events, and resources that enrich community life and promote cultural appreciation.

Educational nonprofits contribute to lifelong learning, offering specialized training, tutoring, and academic resources across a range of disciplines.

Each nonprofit operates with a mission-driven approach, relying on donations, grants, and partnerships to fulfill their commitment to social impact and positive change.



Real Estate

Real estate companies include property management firms, commercial leasing companies, and development groups. They assist clients with property sales, leasing, and investment opportunities, managing residential and commercial real estate assets.



Retail

Retail businesses in this dataset include specialty stores, online sellers, and service-focused retailers. These companies cater directly to consumers, offering products and services across a variety of categories, from books to specialty items.



Technology

Technology companies listed provide software development, data solutions, and hardware products. These businesses support digital transformation, offering specialized products and services that enhance connectivity, productivity, and security.



Veterinary

Veterinary companies in this set offer animal care services, including routine check-ups, emergency care, and specialty treatments. These businesses focus on the health and well-being of pets and livestock, providing veterinary support to pet owners and animal handlers.



Remodel Health is the expert guide for employers and brokers navigating the complexities of transitioning to ICHRA. With nearly a decade of experience in the individual health benefits space, our proprietary software and licensed health benefits experts deliver tailored solutions for businesses with 100 to 10,000 employees. Committed to best-in-class customer service, we provide hands-on support throughout the process, ensuring successful implementation and long-term success.

Learn more about how we transform health benefits at RemodelHealth.com.



PeopleKeep helps small and midsize employers offer innovative health benefits for today's workforce. Our simple HRA administration platform, combined with our award-winning customer support team, allows employers to easily manage their benefits in just minutes each month. Since starting as Zane Benefits in 2006, we've helped thousands of employers administer qualified small employer HRAs (QSEHRAs), ICHRAs, and integrated HRAs.

PeopleKeep is part of Remodel Health.

To learn more about PeopleKeep, visit PeopleKeep.com. Three small white icons on a dark background: LinkedIn, Facebook, and YouTube.

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See a licensed agent for detailed information on your state.