

ICHRA vs Traditional Group Insurance

Feature	Group Insurance	ICHRA
Cost predictability	Costs can fluctuate year to year based on utilization trends	Employers set a fixed budget per employee with no surprises
Employee choice	Employees have limited plan options based on employer selection	Employees choose any qualified individual plan that meets their needs
Support for distributed teams	May require multiple plans or carrier solutions	Works seamlessly across locations—employees choose a plan in their area
Risk management	Employer assumes risk (especially with self-insured plans)	Risk is transferred to the individual market—no impact from employee claims
Employee portability	Employee loses coverage if they leave the company	Employees keep their individual policy if they leave the company
Tax treatment for employer	Premiums are generally tax-deductible	ICHRA contributions are tax-deductible
Market growth	Offer rates of group health have remained stable over the last decade	Accelerating adoption—grew 84% among ALEs in 2024