



DEFT'S 2024 COMMERCIAL GROUP AND ICHRA STUDY EXECUTIVE RESEARCH BRIEF

Not All Stakeholders Are Thrilled About the Movement from Group to ACA Through ICHRA, but a Key One Is: the Member

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ICHRA: Individual Coverage Health Reimbursement Arrangement, an alternative to a traditional group health plan for employees.

Deft Research recently published the 2024 Commercial Group and ICHRA Study. This national market research report of over 2,400 Group, ACA members (including ICHRA and non-ICHRA), and part-time and seasonal workers without Qualified Health Plan coverage examines their preferences for ACA-based health insurance. In addition to revealing how those in Group would feel about the transition to ACA coverage, the study examines how those who just transitioned from Group to ACA through ICHRA feel about it now, how many carrier and plan options these members want, and what aspects of their current coverage they like the most. With the under 65 market exploding with ACA enrollment, and with employers eager to slow down the medical inflation that is wreaking havoc on their balance sheets, the Commercial Group and ICHRA Study unpacks the pros and cons of the building movement away from how most Americans have received their insurance coverage for the better part of a century.

This Executive Research Brief will examine the appeal of ICHRA for those who just transitioned from Group and how movement away from Group PPOs to ACA HMOs impacts (or doesn't impact) the member. These are just a few interesting points from the broader report.

Armed with the insights from this study, carriers, agencies, and sales organizations will have a better grasp of the strategies to pursue and the tactics to implement as the Under 65 health insurance market begins to individualize. For more information on the rest of the report please contact your Deft Research Client Services associate or email info@deftresearch.com.

Time stood still in 2020 when Covid turned everything on its head. All aspects of life hit the pause button while medical technology and natural immunity raced together to put a stop to the scourge. But of all the things that ground to a halt that dark year, one relatively obscure rule change saw the light. The Department of Labor, HHS, and the Treasury teamed up to allow employers to provide health insurance to their workers through Individual Coverage Health Reimbursement Arrangements (ICHRAs).

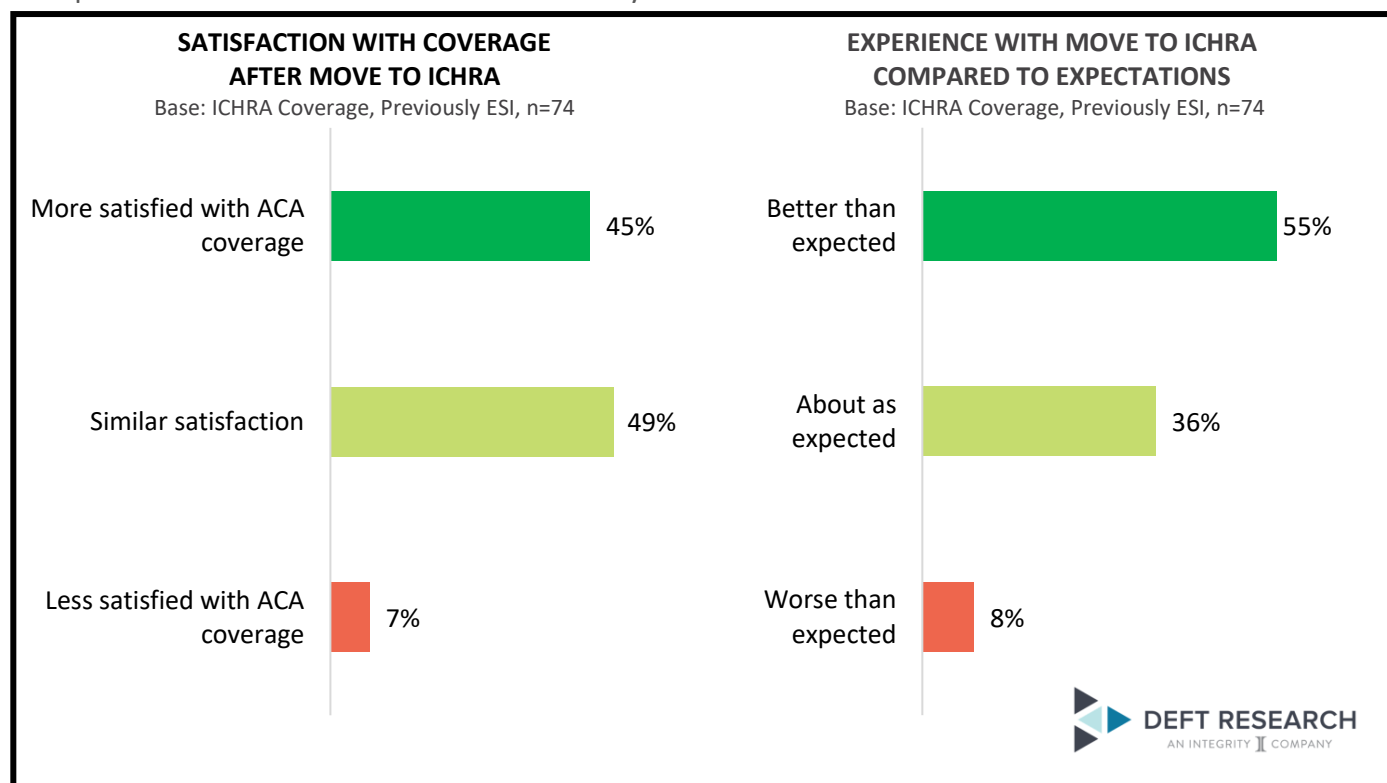
And with that, ICHRA was born. For the first time, instead of being limited to one carrier option and three plan choices like most workers find in their current Group coverage, employees now could shop for coverage across many times more brand and product options through the rapidly expanding ACA and still have their employer contribute to the cost.

But ICHRA almost flamed out before it ever got going.

March of 2020 was not exactly the best time for bosses to tell their workers that their health insurance was going to change completely, and that their warm, cozy Group coverage was going to be replaced with coverage through the “ACA” and all the baggage that term carries with it for some. Health and mortality were on everyone’s mind then, and completely upending Individual and Family healthcare was a non-starter. To put it politely, enrollment through the new insurance mechanism was muted at first.

But then the world healed. And in the aftermath of the pandemic many things in life took on a new, more positive form like flexible work-from-home schedules and reduced work travel (Who doesn’t like that?). But some of the things we didn’t like so much pre-covid (higher medical inflation) persisted. Soon it became time for some employers to explore the new insurance option. There is no official tally for how many ACA members exist through ICHRA—we have looked and looked at Deft. But some estimates have it around 2 million of the 21.4 million ACA enrollees. Based on our experience surveying the IFP/ICHRA space since 2020, that seems reasonable. Regardless of the actual number today, the percentage of ACA that is ICHRA is meaningful now, and it’s time to see just how big it might become.

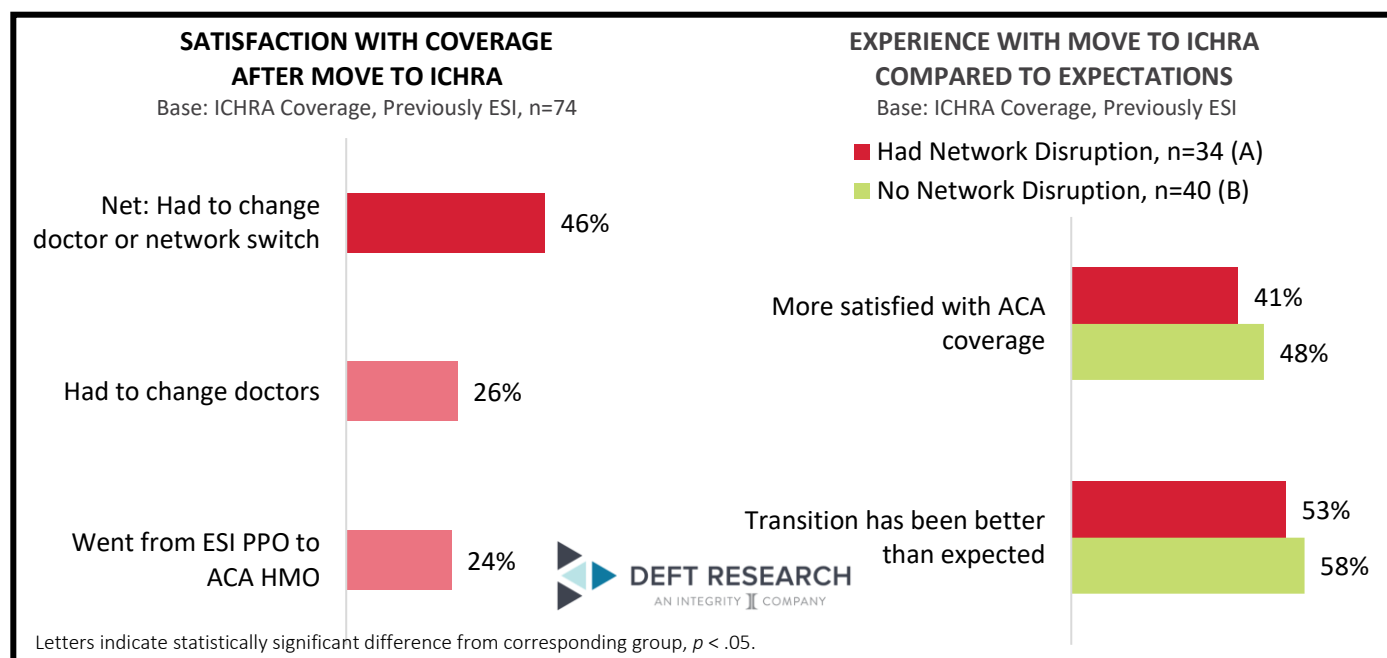
But in order for it to grow, those ICHRA pioneers of 2021, 2022, and 2023 have to report back to their Group friends that the new frontier isn’t so scary after all.



As seen on the chart on the previous page, six times as many former Group members are more satisfied with their coverage after moving to the ACA through ICHRA than are those who are less satisfied with ACA coverage, and 95% indicate they are as satisfied or more satisfied now with their coverage since they moved to ACA through ICHRA from Group. *Excuse me?* Similarly, a majority indicate the move has gone “better than expected.”

Some in the industry are recognizing what ICHRA may do and are building ACA strategies to maximize on it. Others want it to go away so that things can be the way they have always been in Commercial Group. But it’s hard to see the genie squeezing back into the bottle at this point. Employers save too much and employees like it too much.

However, the initial reaction that these new ICHRA members have at this point does not mean that ICHRA is not without issues. There are some, and some of its issues are significant. Around three-in-ten have encountered problems receiving their monthly reimbursement from their employer (ouch!), a quarter was forced to find different coverage options within their family (not exactly convenient), and more than a third had to switch doctors when moving to ICHRA.



As seen on the chart above, nearly half of Group-to-ACA via ICHRA members (46%) had to make a doctor or network change when they moved from the PPO-laden group world to the HMO-heavy ACA world. Going from wide open access to more controlled healthcare has been the bane of the health insurance consumer ever since HMOs became a thing in the 80’s. But according to the chart above, still 41% of those who experienced network disruption when moving from Group to ACA through ICHRA indicate they “are more satisfied with their ACA coverage” and more than half (53%) say the transition has been better than expected.

When change happens, it tends to take everyone with it, whether jubilant or kicking and screaming. The ICHRA change is coming, and carriers and brokers can pine for the way things used to be or lead the charge, hand-in-hand, with their newfound (happy) members/clients.

Don't miss these offerings related to the 2024 Commercial Group and ICHRA Study:

- [Individual and Family Plan Shopping and Switching Study](#) is the flagship study for the IFP market and a must-read to understand the factors affecting the ACA market today and what leads consumers to switch.
- [Individual and Family Plan Digital Tools Study](#) can provide more depth on all things digital healthcare for the IFP market, including online shopping, portal management, e-brokers, and virtual care.
- [Individual and Family Plan Member Experience Study](#) can help explain the factors affecting the member experience of IFP members so that carriers can understand how member experience relates to loyalty and ultimately member retention.

Keep the insights coming all year with our syndicated studies.

The **2024 Senior Market Insights Service** includes the following studies:

- [National Dual Eligible Benefit Design Conjoint Study](#) examines tradeoffs between supplemental benefit preferences, amounts, and purses to identify what Dual Eligible consumers value the most.
- [National Dental Benefit Design Conjoint Study](#) identifies the tradeoffs that consumers are willing to make based on their current dental needs in either an embedded dental plan or standalone.
- [Medicare Shopping and Switching Study](#) highlights what made members venture to new products during this past AEP.
- [National Part D Addendum Study](#) provides insight into seniors' price sensitivity to drug plan changes and how that may influence migration from standalone Part D to MAPD.
- [Dual Eligible Acquisition Study](#) provides insights into how seniors with Medicaid eligibility (D-SNP or otherwise) shop and consider new coverage.
- [Medicare Open Enrollment Period and Disenrollment Prevention Study](#) focuses on the experiences that keep members loyal during the "redo" period.
- [Medicare Age-In Study](#) shows the products, channels, and enrollment preferences of the next generation of boomer eligibles.
- [AEP Gut Check Study](#) examines the pain points carriers and agents must address as we near the AEP.
- [Dual Eligible Retention Study](#) helps to better understand the member experience carriers, agencies, and consultants need to consider to win with this fastest growing segment of the Medicare space.
- [Medicare Digital Tools Study](#) gives an in-depth look at how seniors use digital tools for product selection, navigation, and accessing healthcare.
- [Medicare Member Experience Study](#) shows what causes attrition, switching intention, and lower CAHPS scores.

Our **2024 Commercial Market Insights Service** studies for the Individual Under 65 Market include:

- [Individual and Family Plan Shopping and Switching Study](#) examines the traditional OEP enrollment period, the channels that best connected with consumers, and how these individuals shopped for coverage.
- [Commercial Group and ICHRA Study](#) illuminates how current commercial group members feel about a potential move to ACA coverage and compares these experiences to those already in ACA coverage through ICHRA.
- [Individual and Family Plan Digital Tools Study](#) gives an in-depth look at all aspects of digital healthcare, including online shopping, portal management, e-brokers, virtual care, and virtual-first plans.
- [Individual and Family Plan Member Experience Study](#) identifies the experiences that either inflate or depress loyalty so that carriers can hold onto ACA members.