**<u>News From the Employee Benefit Research Institute</u>**

# New EBRI-Morgan Health Survey Identifies Opportunities for and Barriers to ICHRA Adoption

*Many employers are evaluating ICHRAs, but broader adoption hinges on individual market confidence, implementation support and employee decision-making readiness*

For immediate release: July 28, 2026
Contact: Ron Dresner, dresner@ebri.org

WASHINGTON, D.C. — New research published today by the Employee Benefit Research Institute (EBRI) and Morgan Health, a division of JPMorganChase, identifies opportunities for and barriers to broader adoption of Individual Coverage Health Reimbursement Arrangements (ICHRAs). The 2026 EBRI-Morgan Health Employer ICHRA Survey finds that just over one-third of employers are evaluating ICHRAs as a potential approach to providing health benefits, but broader adoption requires stronger education and market stability.

The survey comes at a time when employers continue to face pressure over health care costs, workforce flexibility and remote and nontraditional work arrangements. An ICHRA is a health benefit arrangement that allows employers to provide tax-free reimbursements to employees for qualified medical expenses, including individual health insurance premiums, rather than offering those employees coverage through a traditional group health plan. ICHRAs have attracted attention because they have the potential to provide employers with more predictable costs while giving workers greater choice. However, the survey finds that employer interest should not be interpreted as a guarantee of rapid adoption.

“ICHRAs have the potential to represent a significant shift in how some employers approach health benefits, but the survey shows that interest and adoption are not the same thing,” said Paul Fronstin, Ph.D., director of Health Benefits Research at EBRI. “Employers see possible advantages in flexibility, affordability and employee choice. At the same time, many remain concerned about whether the individual market can provide the affordability, provider networks, plan quality and administrative support needed to make ICHRAs a practical alternative to traditional group health plans.”

**Key findings in the report include:**

• Employer awareness of ICHRAs varies. Nearly six in 10 employers reported being at least somewhat familiar with ICHRAs, with familiarity highest among large employers that currently offer health benefits. Awareness remains lower among small employers that do not currently offer health coverage.

• More than one-third of employers reported that they are actively planning or evaluating an ICHRA. However, only 11% said they are actively planning implementation, suggesting that many employers are still gathering information rather than preparing to make an immediate change.

• Employers currently offering health benefits show notable interest in possible future adoption. One in three businesses currently offering health benefits reported likely ICHRA adoption in the next two years. Interest was strongest among employers with 100 or more employees, with 62% reporting they were somewhat or very likely to offer an ICHRA in the next two years after reviewing a description of the arrangement.
• Small employers that do not currently offer health coverage may represent an important segment for future ICHRA adoption, but awareness is a major challenge. Among small businesses not currently offering health coverage, one in four indicated a preference for an ICHRA over a traditional group plan. However, 55% of these employers were unaware that ICHRAs are available to them today.
• Across employer sizes, the most frequently cited reasons to consider ICHRAs were flexibility in benefit design (51%-61%), increased employee choice (38%-65%), and affordability for employers (47%-54%). Among employers that do not currently offer health benefits, ICHRAs were viewed as a possible pathway to providing coverage that may otherwise be difficult to afford or administer.
• In addition to lack of understanding of ICHRAs, concerns about the individual health insurance market remain the largest barriers to adoption. Employers expressed widespread concern about whether individual market premiums and out-of-pocket costs would be affordable for employees. Employers also cited concerns about provider networks, plan quality and employees' ability to shop for and choose coverage that meets their needs.
• Operational and administrative challenges also remain important considerations. Employers reported concerns about compliance requirements, implementation complexity, the staff resources needed to manage an ICHRA, and uncertainty about the long-term stability of ICHRA policy.
• Employers identify clear factors that could increase adoption. Employers said they would be more likely to adopt ICHRAs if they could obtain the same quality of provider networks and choice as group plans. Broker and benefits consultant recommendations are influential, with 77% of employers saying a broker or benefits consultant recommendation would make them more likely to adopt an ICHRA and 76% saying a peer business offering an ICHRA would make them more likely to consider one.
• Policy and market changes could play a significant role in future adoption. Employers indicated that tax credits, a more stable and affordable individual marketplace, simplified compliance requirements, stronger employee education, payroll integration, claims and reimbursement support, and access to high-quality health plans could increase interest in offering an ICHRA.
• Among targeted strategies, employers expressed the greatest interest in using ICHRAs for all employees (78%). Among targeted groups, employers preferred using ICHRAs for remote employees (66%) and new hires (66%) over part-time workers (47%) and seasonal workers (42%).

"Small businesses want to offer insurance to their workers, but rising costs are making that increasingly difficult," said Dan Mendelson, CEO of Morgan Health. "ICHRAs can control costs, offer employees greater choice and are particularly attractive for businesses offering insurance for the first time. Our survey shows that business owners would benefit from learning about ICHRAs and that insurers offering ICHRAs need to be focused on the quality of their networks and consumer experience."

The online survey was conducted from March 19 to May 5, 2026, among 984 benefit decision-makers at employers with three or more employees. Respondents had been employed by their company for at least six months. The sample included large employers with 100 or more employees that currently offer health coverage, small employers with fewer than 100 employees that currently offer health coverage, and small employers with fewer than 100 employees that do not currently offer health coverage.

Morgan Health is a division of JPMorganChase focused on improving the quality, affordability and equity of employer-sponsored health care in the United States. Morgan Health invests in health care companies that improve employer-sponsored health care and helps them grow. The group also evaluates new health care offerings for JPMorganChase employees, shares insights with employers and advocates for policies to drive innovation in employer-sponsored insurance. Areas of focus include advanced primary care and navigation, data analytics, specialty and at-home care and coverage options for small- and mid-sized businesses. For more information, visit morganhealth.com.

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**Media Note: To receive the complete research report, email Ron Dresner at dresner@ebri.org.**