

Report: ICHRA Enrollment Triples in 2026

New data by HealthSherpa revealed that roughly 400,000 to 800,000 U.S. residents are using cash from individual coverage health reimbursement arrangements (ICHRA) to pay for their health insurance this year. These ICHRA market size estimates were shared on [LinkedIn](#) by Michael Levin, a senior vice president at HealthSherpa. HealthSherpa helps agents and brokers sign people up for individual and family coverage, as well as Medicare coverage. The firm supported about one-third of Affordable Care Act exchange plan enrollments in 2025.

According to HealthSherpa transaction data, the number of people using ICHRA plans to pay for coverage is 2.8 times higher than a year ago.

HealthSherpa analysts believe there are early signs that the number of people using ICHRA plans or a similar type of plan, the qualified small employer health reimbursement arrangement, to buy coverage could triple again in 2027. Levin noted that when more insurers and ICHRA program managers post their numbers or send them to the HRA Council for its annual reports, HealthSherpa will use the new data to improve its own estimates.

Overview of ICHRAs

A health reimbursement arrangement (HRA) is a type of account-based group health plan funded solely by employer contributions that reimburses eligible employees for medical care expenses, up to a maximum dollar amount for a coverage period. HRAs are an attractive option for employers and employees due to their tax-favored status. ICHRAs allow organizations to offer employees a monthly allowance of tax-free reimbursements to buy health care services that fit their

unique needs. ICHRA usage is increasing as more plan sponsors consider ways to control costs around health benefits and offer individualized health benefits for their workers.

An employer may allow an ICHRA to reimburse all medical care expenses, limit an ICHRA to allow reimbursements only for premiums, limit an ICHRA to allow reimbursements only for nonpremium medical care expenses (e.g., cost sharing), or designate specific medical care expenses that are reimbursable. Although not required, employers most often use ICHRAs to reimburse premiums for individual health insurance coverage or Medicare (including Medicare Parts A, B, C and D, as well as premiums for Medigap policies). ICHRAs also allow businesses to determine eligibility based on employee classes (e.g., full-time, part-time and seasonal workers), which can benefit employers with several employee classifications. However, ICHRAs face restrictions; for example, employers cannot offer any employee a choice between an ICHRA and a traditional group health plan.

Employer Takeaways

As a flexible alternative to traditional group health insurance, more employers are implementing ICHRAs to meet the unique needs of today's diverse workforce. Employers should continue to monitor trends to make informed employee benefits decisions for their organizations and employees. Contact us today for more information.