



## SINGLE INSIGHT POINT

### COMMERCIAL GROUP, ICHRA, AND ALTERNATIVE HEALTH PRODUCTS STUDY

#### **As ICHRA Turns Its Potential into Reality, Employer Sponsored Insurance Has a “Utilities” Problem. Where Will the Industry Place Its Long Bet?**

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Deft Research recently published the [2025 Commercial Group, ICHRA, and Alternative Health Products Study](#). This national market research report of nearly 2,500 consumers with group coverage, ACA coverage through ICHRA, non-ICHRA ACA enrollees, and uninsured consumers examines what employees think about their current group coverage, the potential move to the ACA through ICHRA, how current ICHRA members feel about their coverage both now and during their transition, and how Alternative Health Products (AHPs) containing features like tiered cost structures and deductible-less coverage appeal to various segments of employees.

The release of the [Commercial Group, ICHRA, and Alternative Health Products Study](#) comes as the health insurance industry is in need of insights regarding the appeal of various types of Under 65 insurance coverage, how ICHRA, AHPs, and traditional group all fit together, and what “needs fixing” before ICHRA goes mainstream and unaddressed cracks become chasms. As ICHRA start-ups have received hundreds of millions of dollars of investment in the last 18 months, legislation is working itself through Congress which could affect how more than 165 million U.S. consumers receive healthcare and cement ICHRA’s place long-term<sup>1</sup>. Purchasers of the report will understand what tomorrow’s employer-based health insurance landscape will look like through insightful analysis and reporting that Deft clients have come to expect. The study features sections on differing experiences between group and ACA members, general satisfaction with benefits, receptivity to ICHRA, how employees want their ICHRA configured, transitioning employees to ICHRA, and generation appeal of various Alternative Health Product designs.

Armed with the insights from the [Commercial Group, ICHRA, and Alternative Health Products Study](#), carriers, brokerages, TPAs, vendors, and consultants alike will be better positioned to win in 2025 and beyond as the ICHRA market continues to mature. For more information on the rest of the report, please contact your Deft Research Client Services associate or email [info@deftresearch.com](mailto:info@deftresearch.com).

<sup>1</sup> At the time of publication of Deft’s [2025 Commercial Group, ICHRA, and Alternative Health Products Study](#) (and this corresponding Single Insight Point), legislation potentially affecting ICHRA is being considered. The “One Big Beautiful Bill Act”, a reconciliation bill supported by the Trump administration, has passed the house that would codify the ICHRA rule from 2020. The bill would also change the name of ICHRA to “Custom Health Option and Individual Care Expense” or CHOICE and would offer tax credits to small employers who provide ACA coverage through the program. The current Senate version has no CHOICE provisions. It is unclear if the final bill will include CHOICE provisions, if they will be included in a future bill, or if the 2020 ICHRA rule will stay “as is”.

Remember the last time the power company increased the rate it charged per kilowatt-hour? They probably sent a letter explaining what was happening, described why it was happening, and left a website or phone number for customers to call with questions. They passed on extra costs (and likely needed to) with little regard for what it might mean in terms of loss of customers or decreased satisfaction as they generally act as a monopoly. Utilities play a vitally important role in the lives of citizens and the needs of U.S. industry—everyone needs their service. With virtually no alternative to buying from them, most consumers are stuck with their utility company, for better or for worse.

As a bill payor forced to swallow higher power costs with no recourse to flex your consumer muscle, we all may feel like we are being taken by “the man” when the new rate letter shows up.

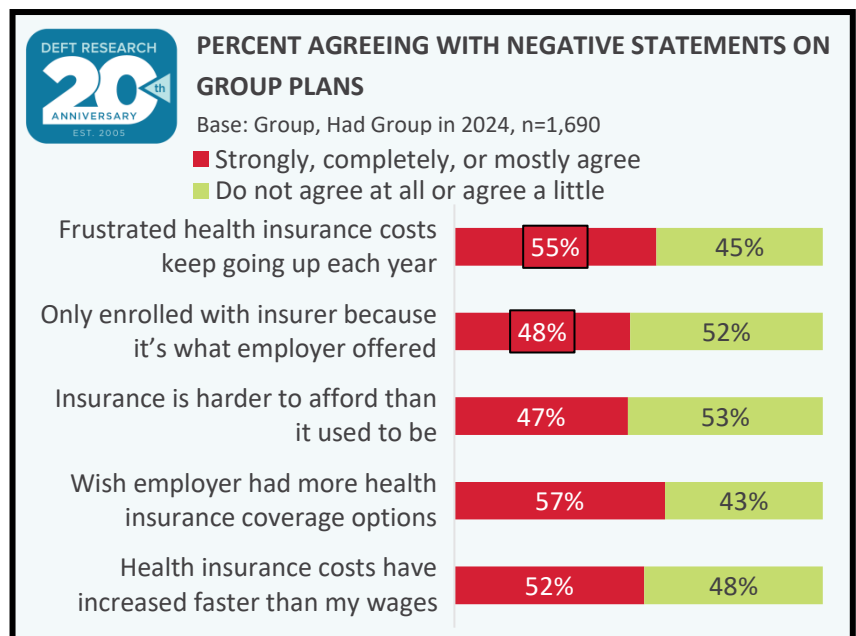
Here’s what you will pay us for the same service. Accept it with no alternative. The beatings will continue until morale improves.

Lack of choice leaves consumers feeling oppressed, to a degree, when it comes to utilities and rising costs. Is it much different than how employees with traditional group coverage feel each fall when their premiums go up? Most employees in traditional group plans have about as much brand choice as you do in your power company choice: there is one provider, take it or leave it.

In fairness, both employers who provide traditional group coverage for their employees and utilities do try to help their customers deal with higher costs. The utility company is nice enough to offer the option to smooth out bills over the year so that higher usage bills in the summer and winter are more manageable. That’s not exactly giving consumers a discount—the excess charges will still show up in the spring and fall when usage is less, even if it helps consumers make their payment each month.

When premiums go up with group coverage, employees may have the choice to buy down to a higher deductible option. But are these consumers actually dodging higher costs or just delaying paying more until they inevitably get sick and need to use their coverage? In either scenario, the end user has almost no choice, has to pay more, and has no recourse.

As seen on the chart to the right, 55% of employees with group coverage mostly, strongly, or completely agree that they are frustrated with insurance costs that keep going up each year. And nearly half indicate they only enrolled with their carrier because that is what their employer offered. That sounds like the result of a “take it or leave it” proposition to me much like the case with utilities. We all need power and we all need healthcare, but in both instances, we almost always lack choice.



And then there's ICHRA. Employers with an ICHRA can provide health insurance choices to employees and force carriers to compete for the right to win new business at the individual level. In the end, ICHRA and the fact that it provides real choice, produces Net Promoter Scores that tower 39 to 15 points over those of group.

To be clear, ICHRA in its present state is far from perfect. 26% of ICHRA members experienced snafus with receiving reimbursement and nearly 30% had to switch providers when transitioning to ICHRA.

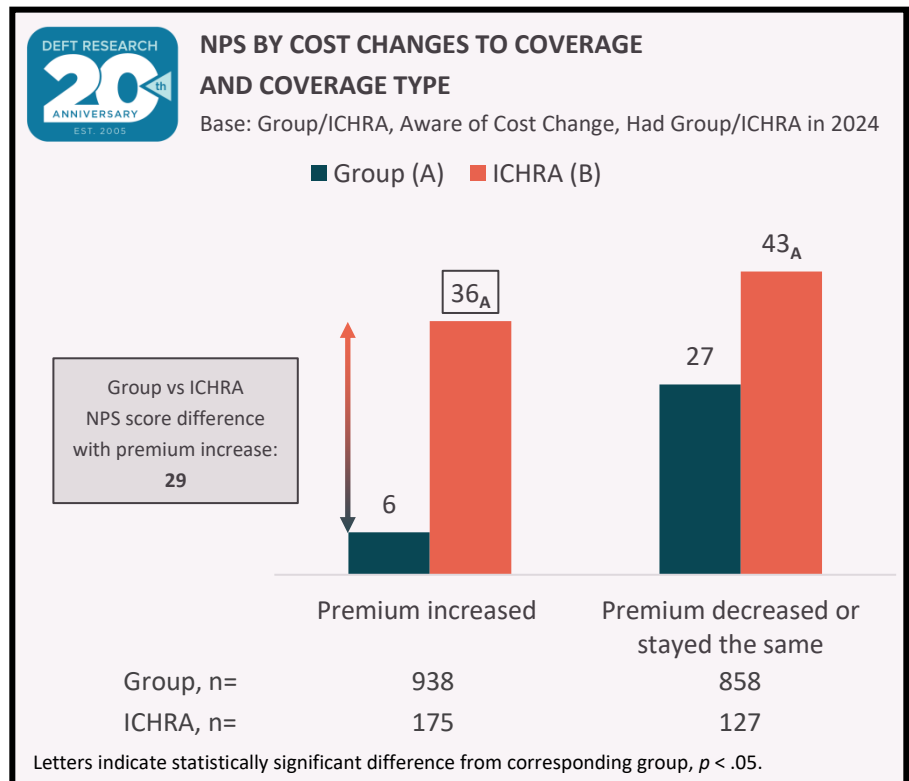
Interestingly however, of those members who had to find a new doctor when moving to ICHRA, 42% really didn't care to even keep their old doctor. What does that say about the "must have" nature of PPOs for employers? Further evaluation of ICHRA and group NPS scores show that long-term it is likely best to place a short bet on traditional group coverage and to put your money long on ICHRA.

As seen on the chart to the right, when employees with tradition group coverage had their premiums stay the same or decrease, their NPS scores were quite positive at 27. But when their premiums increased, their NPS ratings plummeted to just 6. Clearly, as increases to premium in Group are minimized, NPS scores elevate. In group, NPS—a good proxy for satisfaction—is very dependent on what happens to yearly premiums.

In ICHRA, NPS scores are elevated and consistent regardless of whether the employee pays more, pays less, or pays the same year over year.

In ICHRA, NPS is much less dependent on cost changes; it stays elevated due to choice.

When looking off into the next 5, 10, or 15 years of healthcare costs, should we expect them to be flat or even decrease? According to the current rate of medical inflation and the overall spend trend, one would be more than foolish to "think" that costs will be flat to down ("hope" or "pray" may be more fitting terms at this point). The cost of delivering healthcare will likely only increase over time. So, in the traditional group space, in order to keep employees happy with their coverage (high NPS), either carriers will have to take an EBITDA hit or employers will be asked to pay more and more each year. Otherwise, sooner or later employee satisfaction hits a nadir and the value prop for group whittles to nothing.



Expect healthcare costs to continue to rise, and when they do, expect consumers in ICHRA to find enough satisfaction in their choice, design, and carrier relationship that offsets any such cost increases. That's already happening today.

Sooner or later all stakeholders in the health insurance industry are going to have to move their chips behind one of the two options for how America's workers receive their health insurance benefits (or maybe a third option with Alternative Health Products...). Only one of those two options appears poised to succeed in an environment of rising healthcare costs, while the other feels like more of the same, and that feels like "the man holding you down."

Did you enjoy this Single Insight Point (SIP) from the 2025 [Commercial Group, ICHRA, and Alternative Health Products Study](#)? Are you ready to move from just a SIP to a whole GULP? Please connect with your Deft Research Client Services Associate to unlock all the business-changing insights from the 80-plus pages of insightful reporting.

**Don't miss these offerings related to the 2025 Commercial Group, ICHRA, and Alternative Health Products Study:**

- [Individual and Family Plan Shopping and Switching Study](#) is our flagship study on the Individual and Family plan market, examining the traditional OEP enrollment period, the channels that best connected with consumers, and how these individuals chose to enroll.
- [Individual and Family Plan Benefit Design Conjoint Study](#) provides both analysis and an online simulator where you can gauge consumer appetite for richer or leaner benefits, providing fresh insight on how consumers may react to ACA subsidies changes.
- [Individual and Family Plan Member Experience Study](#) identifies the experiences that either inflate or depress loyalty that carriers can be more informed on how to hold onto their ACA members, including access to care.

**Keep the insights coming all year with our syndicated studies.**

The **2025 Senior Market Insights Service** includes the following studies:

- [National MAPD Benefit Design Conjoint Plus MaxDiff Study](#) examines tradeoffs between benefits, illuminating senior's preferences for major product components alongside preferences for supplemental benefits.
- [Medicare Shopping and Switching Study](#) examines senior consumerism during the AEP and highlights what made members venture to new products.
- [Medicare Part D Study](#) provides insight into seniors' reaction to IRA-influenced changes to Part D, including how that may have influenced migration from standalone Part D to MAPD and how carriers might reduce attrition.
- [Dual Eligible Acquisition Study](#) provides insights into the rapidly growing segment of seniors with Medicaid eligibility (D-SNP or otherwise), examining how they shop and consider new coverage.
- [Medicare Member Onboarding Study](#) can help you better understand the important events and touchpoints that drive enduring membership for MA, MedSupp, and Part D members.
- [Medicare Age-In Study](#) shows the product preferences and ideal cadence of touchpoints, channels, and enrollment preferences of the next generation of boomer eligibles as they navigate their journey into Medicare.
- [AEP Gut Check Study](#) examines the pain points, service failures, and plan experiences that 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 hold to Dual Eligible consumers.
- [Medicare Digital Tools Study](#) gives an in-depth look at how seniors shop online, navigate health insurance and healthcare, and whether they find the amount of information online to be overwhelming.
- [Medicare Member Experience Study](#) shows what causes attrition, switching intention, and lower CAHPS scores, helping carriers to better engineer member communications and customer service for higher scores.

Our **2025 Commercial Market Insights Service** studies for the Individual Under 65 Market include:

- [Individual and Family Plan Benefit Design Conjoint Study](#) gauges consumer appetite for richer or leaner benefits, providing carriers and consultants with fresh insight on how consumers may react if ACA subsidies change for 2026.
- [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 chose to enroll.
- [Commercial Group, ICHRA, and Alternative Health Plans Study](#) provides insight into non-traditional solutions that appear poised to disrupt the commercial group market, including how current commercial group members feel about a potential move to ACA coverage through ICHRA and the market potential of copay-only insurance plans.
- [Individual and Family Plan Digital Tools Study](#) gives an in-depth look at all aspects of digital healthcare, including online shopping on public and private exchanges, 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 be more informed on how to hold onto their ACA members.

