

2025

# State of Employee Health Benefits

Emerging Data Shaping the Most Impactful Benefits Strategies

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# Introduction

In today's rapidly changing professional landscape, employee health benefits stand out as a category in desperate need of transformation. More than half of Americans under the age of 65 receive health insurance through their employer<sup>1</sup>, but the current way companies offer benefits is no longer serving anyone.

Consider this: In a country with over 300 million people spanning a diverse range of ages, regions, and places of employment, the specific needs of individuals vary dramatically, but at present, most employers are only offering 1-3 health insurance plans<sup>2</sup>. These limited options rarely satisfy everyone—and the cost of providing them is quickly becoming untenable.

To better understand the full picture, SureCo surveyed thousands of employees, employers, and health benefits consultants across the country, focusing on companies with 150-2,500 employees\*. Overall, their thoughts show a health coverage system in need of major improvements and a desire from all parties to find a route for change. [A staggering 36% of HR and finance leaders say they'll need to switch their health plans next year alone.](#)

Keep reading our 2024 State of Employee Health Benefits Report for key insights around employee satisfaction, the demand for more plan options, the growing interest in alternative benefit models like [Individual Coverage Health Reimbursement Arrangements \(ICHRAs\)](#), and more. Armed with this knowledge, you'll be able to reshape your health benefits strategy and emerge as an industry leader.

\*Unless otherwise noted, all data in this report comes from surveys conducted by Censuswide, an independent market research consultancy, on behalf of SureCo.

1: U.S. Census Bureau, Current Population Survey, 2022 and 2023 Annual Social and Economic Supplements (CPS ASEC)

2: KFF Employer Health Benefits Survey, 2023

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# 2025 Healthcare Industry Snapshot

We won't sugarcoat it. When you zoom out, things don't look great for the healthcare industry as a whole. As we head into a presidential election year, the entire sector will face increased scrutiny. According to Deloitte's annual Health Care Outlook Survey, **just 3% of health system executives, and 7% of health plan executives, have a "positive" outlook for 2024<sup>3</sup>**. So what's causing the uncertainty?

1. Last year's **peak inflation rates will affect the healthcare sector** in 2024 as multi-year contracts expire.
2. **Utilization remains high** as Americans continue to catch up on nearly four years of treatments they may have missed or deferred during the COVID-19 pandemic.
3. Pandemic-era **Medicaid eligibility rollbacks** will likely increase the number of uninsured patients.
4. Demand for **pricy specialty drugs**, like GLP-1s for weight loss, will further drive up costs across the industry.
5. **New regulations aimed at providing more transparency** from pharmacy benefit managers and carriers will add to the administrative burden.

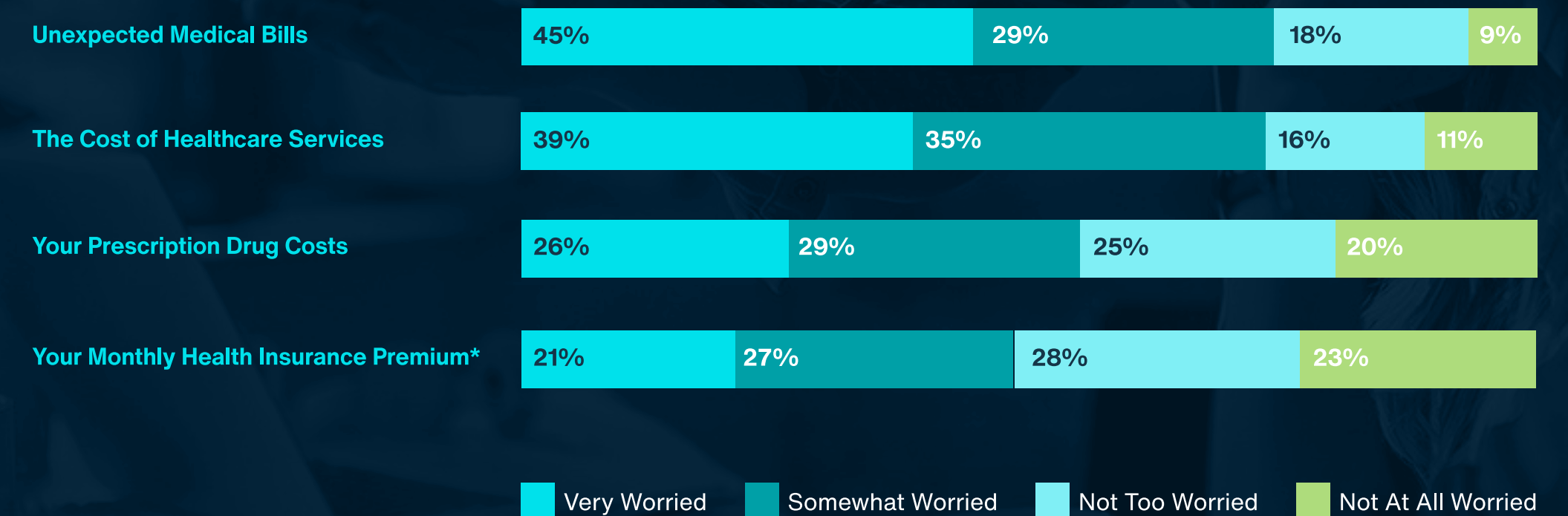
**The takeaway:** Surging costs, shifting regulations, and political uncertainty are creating a hotbed of unrest in the healthcare industry that's affecting insurance carriers, medical providers, employers, and individuals alike.

<sup>3</sup>: Deloitte Health Care Industry 2024 Outlook



## Individuals Are Feeling the Effects of Rising Healthcare Costs

In a Health Tracking Poll at the end of January, KFF asked U.S. adults how worried they were about affording the following<sup>4</sup>:



1. **3 out of 4 adults** say they are worried about the cost of healthcare and being able to afford unexpected medical bills.
2. **55% are worried** about being able to afford their prescription drugs.
3. **48% are worried** about being able to afford their monthly health insurance premium.

<sup>4</sup>: KFF Health Tracking Poll (Jan. 30-Feb. 7, 2024)

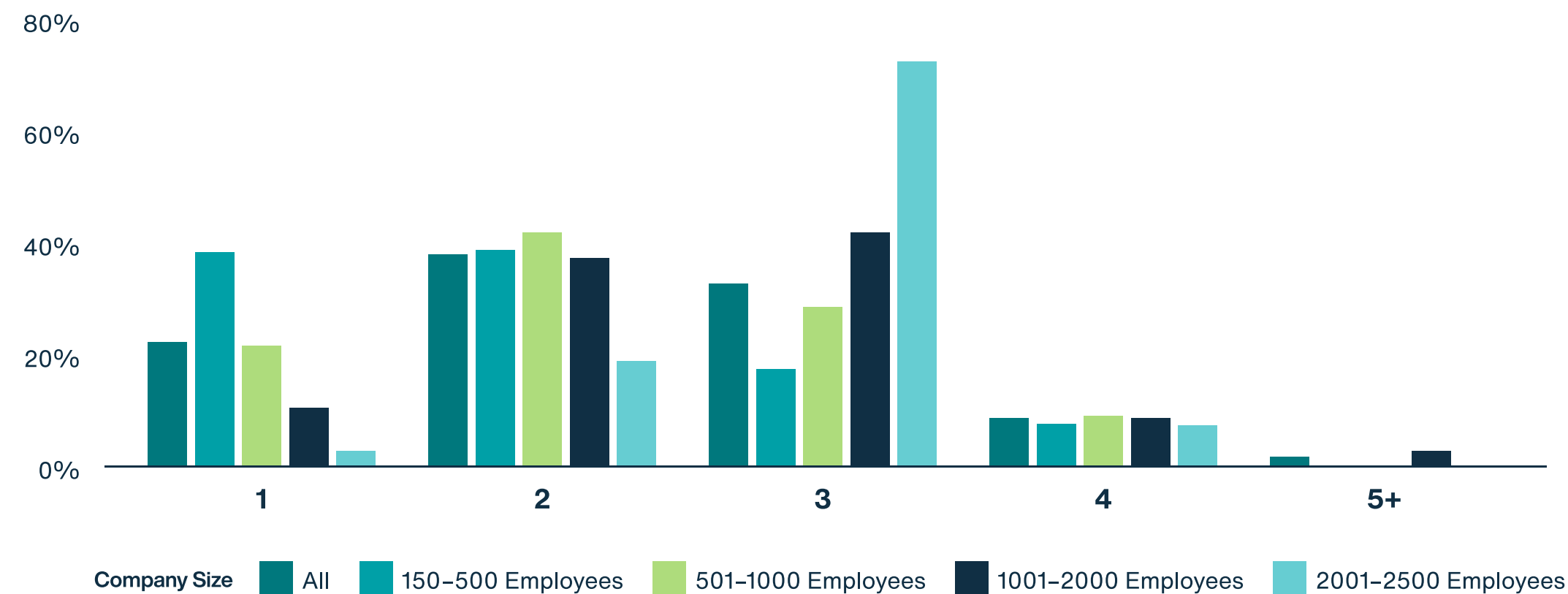
# Current Health Benefits Landscape

Employers provide health benefits to nearly 153 million Americans, which puts them in the health insurance business whether they want to be or not. In the current model, business owners, finance professionals, and human resource leaders face the impossible task of selecting and paying for plans intended to suit everyone but rarely do. And thanks to the looming threats in the greater healthcare sector, their job is only getting harder. Here's what employers are offering today.

## Number of Plans Provided

On average, most companies have employees located in 2-3 states, and larger companies are often responsible for servicing even more. Despite this, **over 90% of companies only offer 1-3 health insurance plans** for their employees.

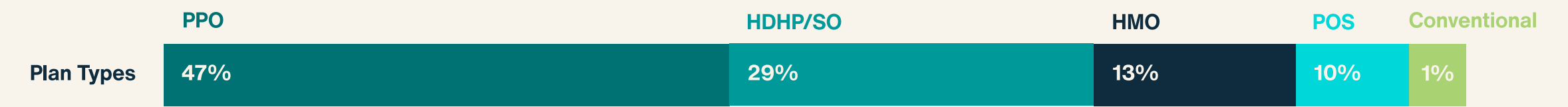
### How many health insurance plans do you currently offer?



Regardless of the size of the organization, **companies are offering limited plan options to their employees.**

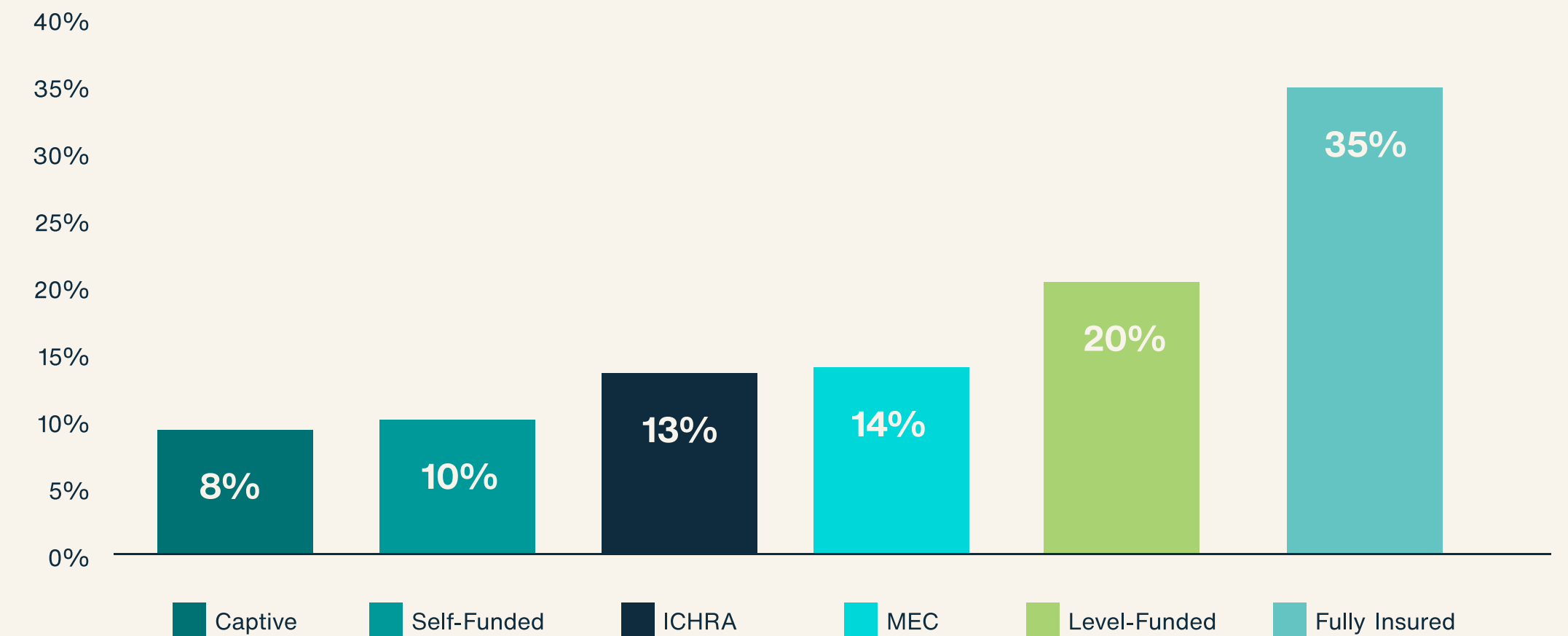
## Plan Types

According to the KFF 2023 Employer Health Benefits Survey, PPOs remain the most common plan type for covered workers (**47%**). This is followed by **29%** who are enrolled in a high-deductible plan with a savings option (HDHP/SO), **13%** in an HMO, **10%** in a POS plan, and **1%** in a conventional or indemnity plan<sup>2</sup>.



## Plan Funding

Companies' funding models are shifting. Only about a third of employers (**35%**) are using **traditional, fully insured plans**. Another third have already moved to either **self- or level-funding**, and the remainder are going with a mix of alternative options, including ICHRAs.



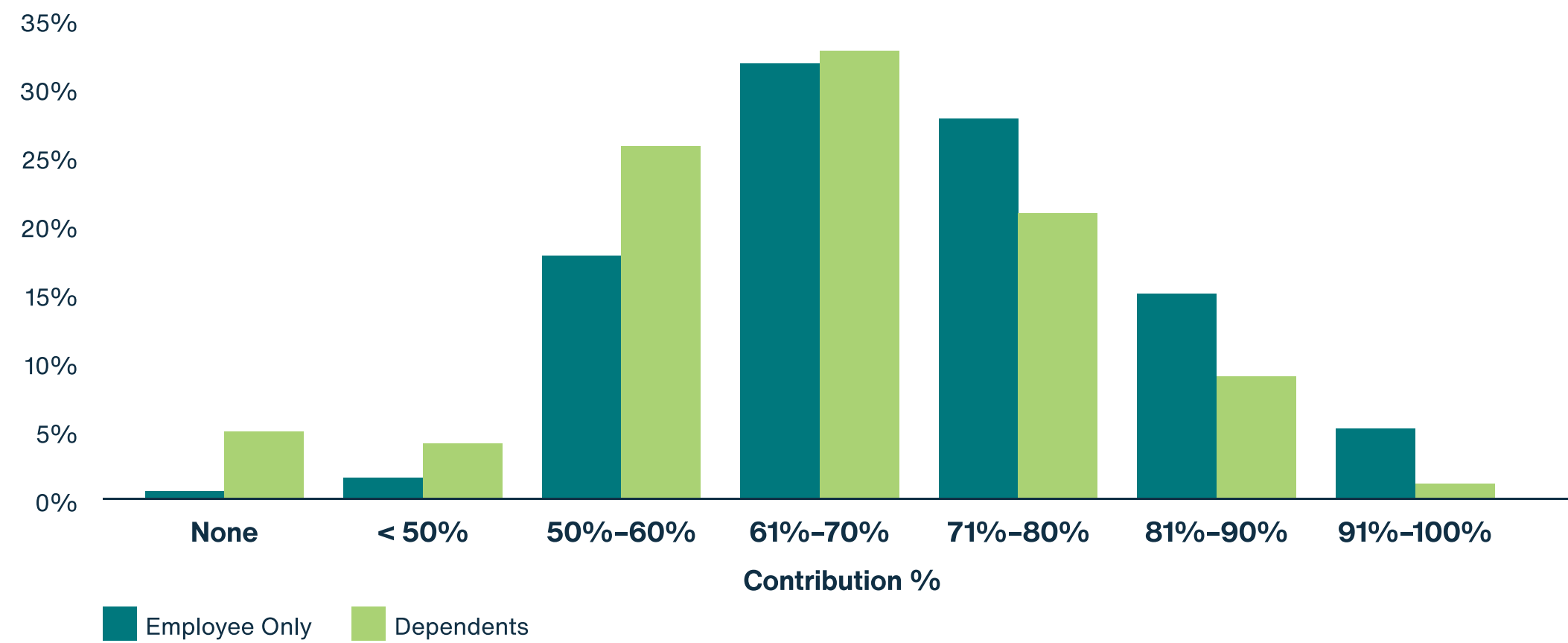
Companies are searching for new ways to **control their healthcare costs.**



## Employer Contributions

Roughly 50% of companies contribute somewhere between **71-90% toward employee premiums**, though there are differences by company size. Among companies with 150-500 employees, **59% contribute less than 70%**, which compares to just 38% among companies with 2,001-2,500 employees. On average, most companies contribute **8% less toward the premiums of dependents** vs. their actual employees.

### How much do you contribute to your employees' premiums?



Employers, especially those with under 500 employees, are struggling to provide affordable health coverage to their workers and their families.



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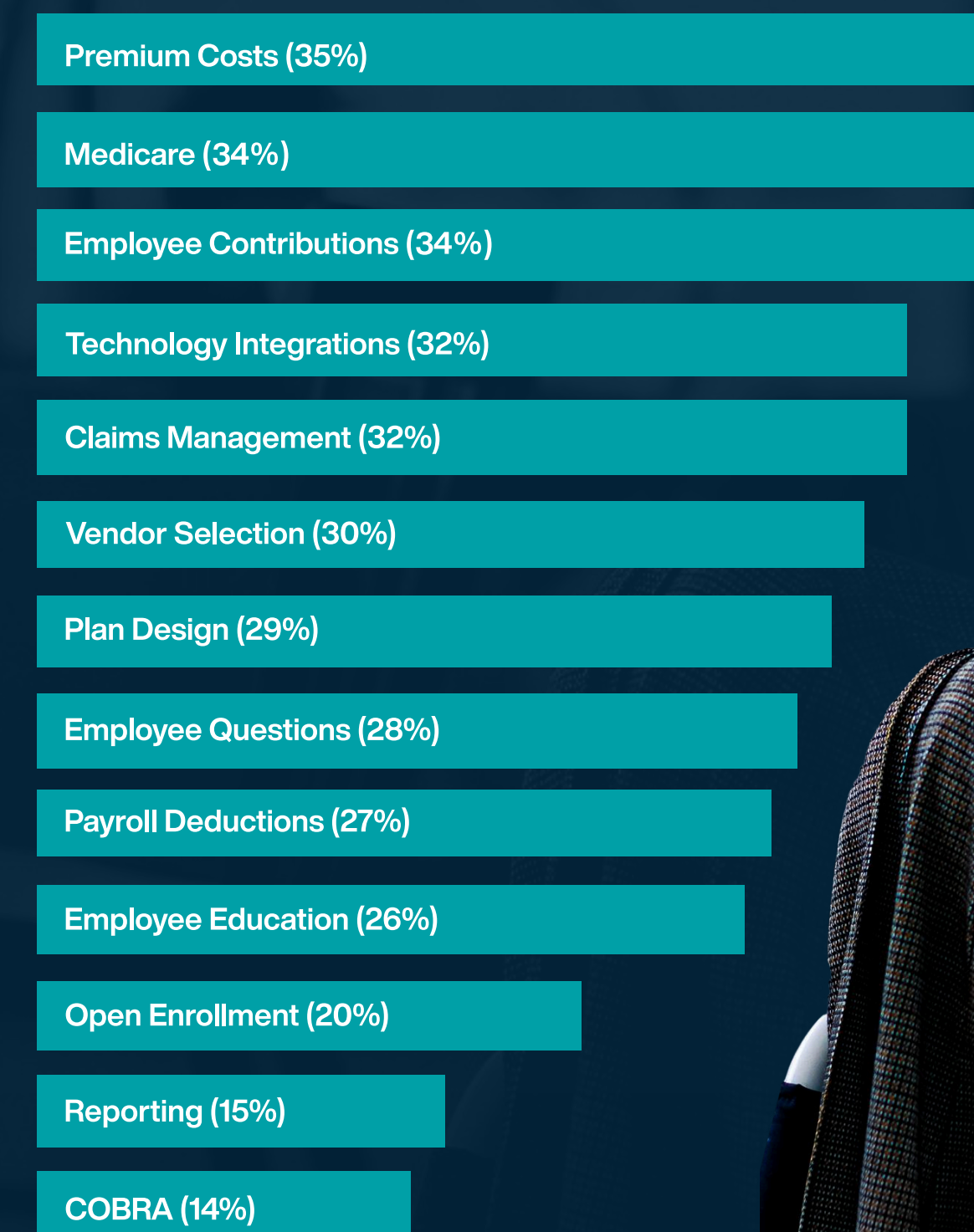
## Benefits Administration

Regardless of company size, industry, or location, 35-45% of companies spend 150-200 hours on healthcare selection, enrollment, and administration throughout the year. The average number of hours worked across all companies is 210.

# 210

Average number of hours spent on benefits administration annually

### What are your biggest benefits administration challenges?



# Unsustainable Cost Increases for Coverage

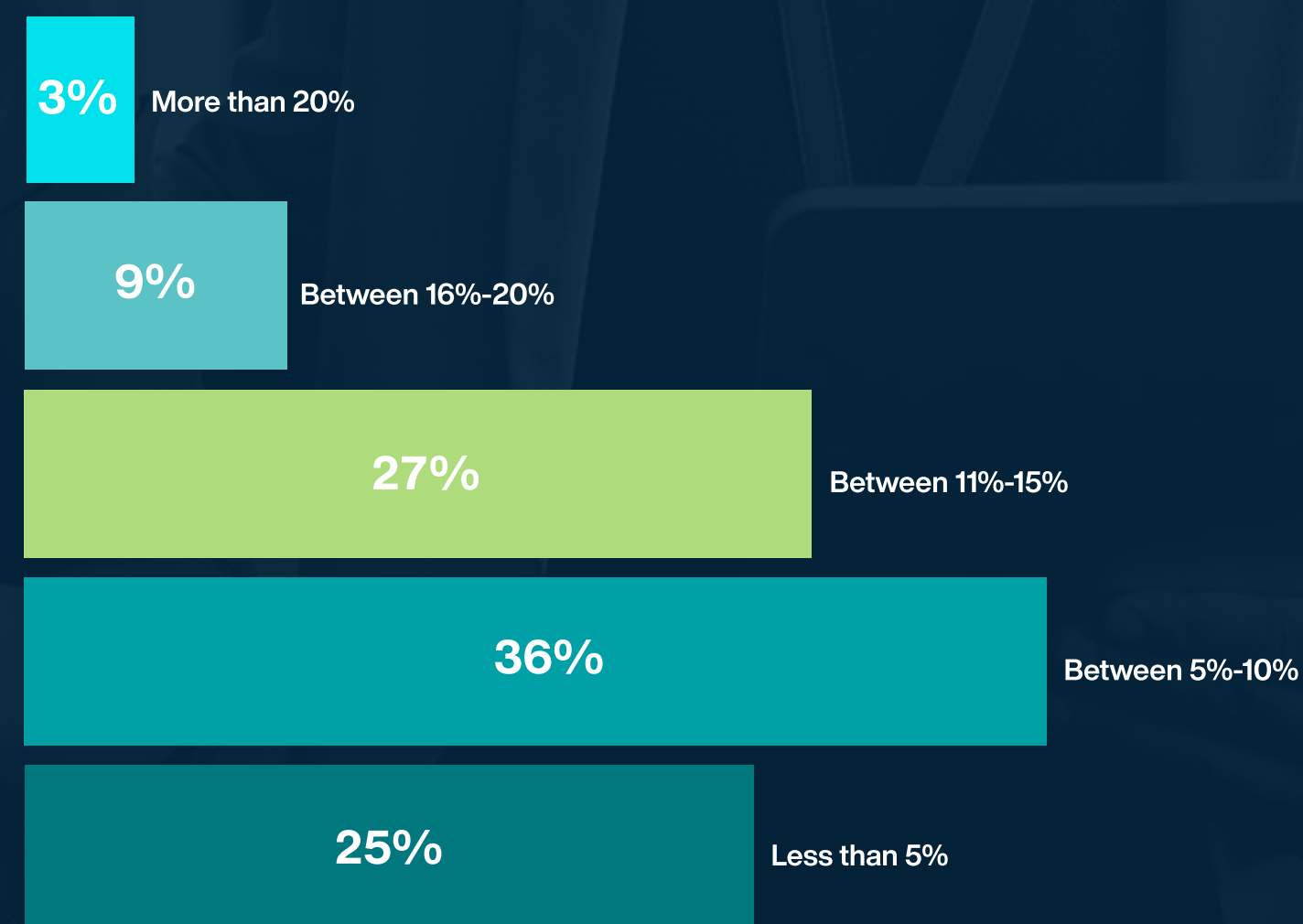
We found that most employers experienced an insurance rate hike last year, and it was a surprise to nearly everyone. Thanks to inflation, high utilization, and a labor shortage, health insurance costs are rising so much that many employers are unable to absorb the increases and must ask their employees to shoulder a portion of the burden.

## Renewal Rate Increases

Health insurance renewal rates increased for 81% of employers last year, which came as a surprise to nearly all companies that were polled. Most businesses (63%) saw increases in the 5-15% range, but hikes of more than 50% are not unheard of. **Benefits consultants agree, with most indicating that 1/3 of their books of business saw renewal rate increases of more than 5% for 2025.**

“Our claims were higher than normal, so we knew we’d be facing an increase, but when the quote came in at 69% more than we had been paying, I was shocked. It was a scary prospect to think that we would have to pass on that increase to our employees.”

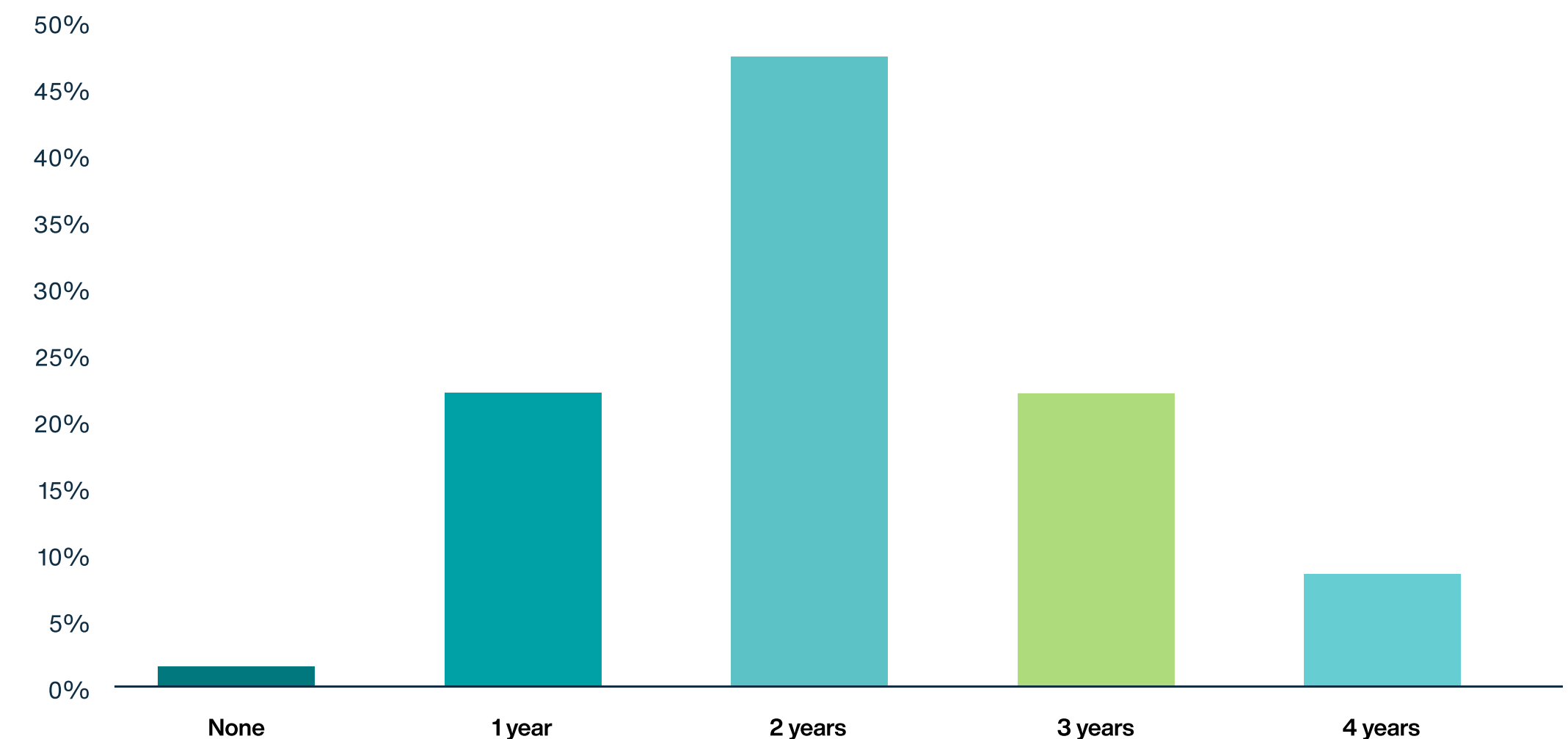
— Rosina Cherry, Director of HR, PATLive



## The Benefits Consultants' Perspective

Consultants feel their clients have either been unhappy with a renewal rate increase and/or forced to make a plan design change for at least the past two years in a row, with some going on four years.

### How many years in a row have your clients been unhappy with their increases?



**The takeaway:** Rates will continue to rise, so now is the time to get in front of your next renewal increase and explore other options.



# What Employees Really Want

Eighty-one percent of employers believe that their employees are satisfied with their medical benefits, but even more (87%) agree that their employees want more healthcare coverage options. They're right. While most employees reported being satisfied with their healthcare plan, a staggering **8 out of 10 employees said they would prefer to select their own plan from all available options** vs. the few options their company currently offers them. Let's take a closer look at the employee satisfaction disconnect.

## The Employee Disconnect

84% of employees say they're satisfied with their health benefits, BUT...

**38%** | of people are looking for a job with better benefits.

**59%** | would leave their current company for one with better health benefits (if all other factors remained equal).

79% of employees feel that their plan is sufficient to cover medical problems that may come up in the future, BUT...

**47%** | of employees in the sample indicated that they've considered seeking alternative health insurance benefits outside of their employers' offerings.

82% say their current coverage is affordable, BUT...

**49%** | of workers indicated that they had avoided or put off preventative care or medical treatment due to concerns that it wouldn't be covered.

**42%** | of employees said they would rather get better health insurance than a raise this year.

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### The takeaway:

Employee satisfaction surveys don't always tell the whole story. Make sure you're asking the right questions to avoid getting the wrong signals.

### Example questions:

- *Have you ever put off preventative care or medical treatment?*
- *What's your biggest fear when it comes to your current health benefits?*

## Health Insurance Factors That Matter Most to Employees

We asked employees to rank the five factors that matter most to them when it comes to their health benefits. While there were some outliers by age (services covered, for example, was more heavily ranked by younger employees), cost was a top factor for all.

- 1 Cost of premiums
- 2 Cost of deductible
- 3 Cost of copays
- 4 Services covered (e.g., infertility treatments, mental health, etc)
- 5 In-network healthcare doctors, service providers, and facilities



# Additional Services Employees Want Covered

Today's workers are demanding more from their health coverage than ever before. They're looking for plans that will cover mental health support, fertility treatment, and more.

## What coverage areas would you like your employer to enhance or expand?

Mental Health Coverage (58%)

Fertility Treatment Coverage (34%)

Weight Loss Medication Coverage (34%)

Gastric Bypass Coverage (24%)

None in Particular (19%)

## Employees' Top Benefits Concerns

Workers list several fears related to their health benefits, but the most common mentions were things like **high out-of-pocket costs, limited coverage, and accessibility to the services that they need.** Younger employees (18–34 years old) were more likely to mention areas like limited coverage and insufficient coverage for prescription medications.

“We’re a healthcare company with talent all over the country, and our previous group plan options were not sustainable both from a cost standpoint and an employee retention standpoint. We needed to make a bold change.”

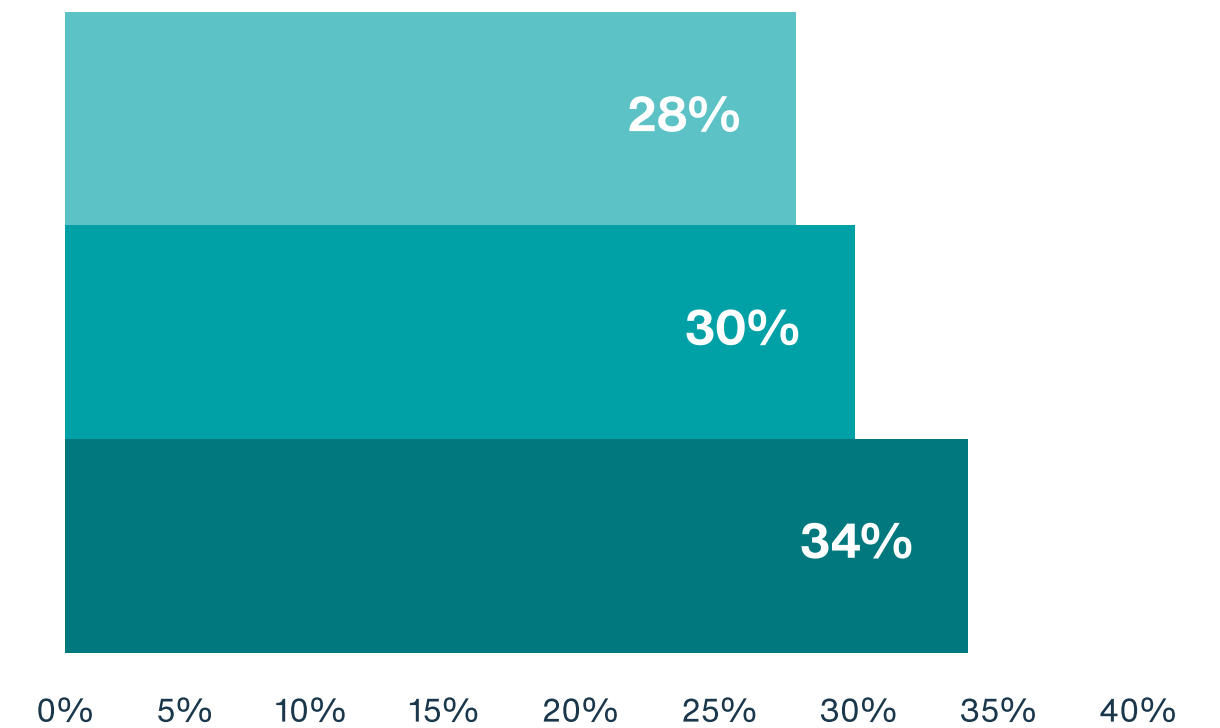
— Carine Carmy, Co-Founder and CEO, Origin

## Employees' Biggest Benefits Fears

**Employer Contribution Changes:** I am worried that changes in employer contributions may result in increased financial burden on my part.

**Limited Coverage:** My biggest fear is that my current health benefits may not cover essential medical services I or my family might need.

**High Out-of-Pocket Costs:** I am concerned about the potential for high out-of-pocket expenses, including deductibles, copayments, or coinsurance.



## Increased Plan Options

Employees want to be treated as the individuals they are, not as a collective. Unfortunately, traditional group health plans treat them as an average, which means **employers are stuck trying to make one or two options work for everyone and rarely succeed.**

**80%** | of employees said they would prefer to select their own plan from all available options vs. the few options their company currently offers them.

**74%** | said they feel confident in their ability to select their own plan.

**When companies offer an ICHRA with SureCo,** their employees select an average of 32 unique plans, with some teams enrolling in as many as 160!

**The takeaway:** Employees want more autonomy and options in the plan selection process. And they're willing to change jobs to get it.

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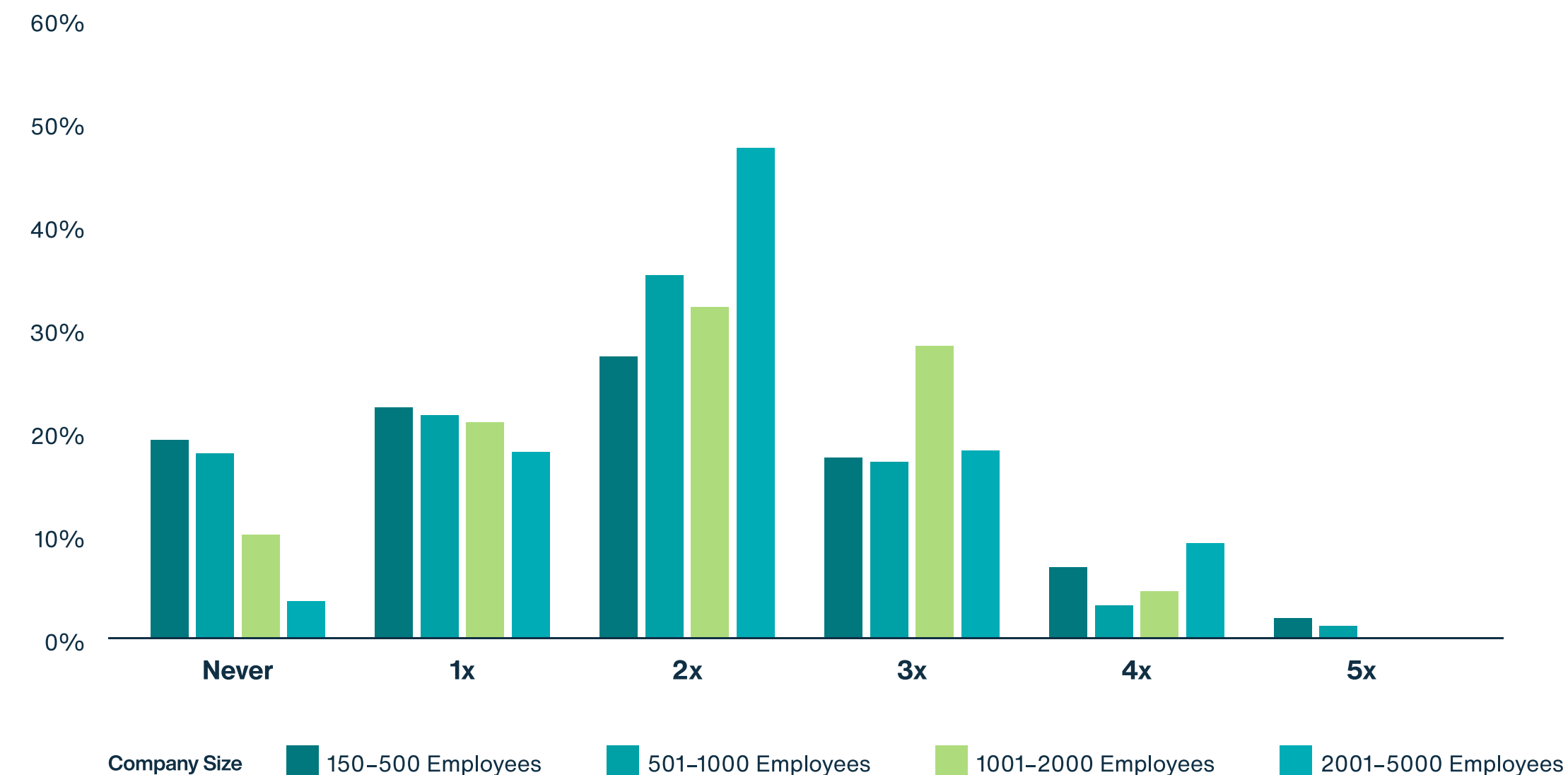
# The Need for Change

You don't need a crystal ball to tell you that changing your health benefits strategy is inevitable. If you're lucky enough to side-step a carrier or plan design change this year, it's almost guaranteed you'll need to do so in 2026. But here's the rub: The changes you have been making (negotiating with carriers, narrowing your networks, etc) aren't doing enough to move the needle—and it goes beyond cost.

## Incremental Plan Changes Are Already Happening

Most companies (85%) have changed healthcare carriers or plan design at least once over the past 5 years, but the numbers differ dramatically by company size. For example, 55% of companies with 150–500 employees had changed plans two or more times in the past five years, which increased to 67% for companies with 1,001–2,000 employees and 77% for companies with 2,001–2,500 employees.

### How many times have you changed carriers or plan design in the past 5 years?



## Small Plan Changes Aren't Enough

**36%** | of employers say they'll have to change plans next year.

It's logical to assume that companies need to change plans due to cost, but that's not the whole story. Of the employers we polled, 65% said they'll make a switch because their employees aren't satisfied with the status quo, while only 40% said it's because they can't withstand another rate increase.

**30%** | of clients will need an alternative to fully insured plans next year, according to benefits consultants.

**The takeaway:** The current way of offering health benefits isn't working for employers, as evidenced by their need to change every few years or more.

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# ICHRA: A Benefit Model on the Rise

Rather than make small tweaks every year to your benefits program, now is the time to futureproof your strategy by transforming the way you offer health insurance to begin with. Employers and benefits consultants are thinking beyond traditional fully insured and self-funded options and looking to models like Individual Coverage Health Reimbursement Arrangements. ICHRAs were introduced in 2020 and are growing rapidly, especially among large organizations.

## What Is an ICHRA?

An ICHRA is an alternative to traditional group health insurance that allows employers of any size to use pre-tax dollars to contribute to the premiums of health plans their employees purchase on the individual market. The defined contribution model allows for long-term cost predictability by eliminating claims risk and maximum plan choice flexibility.

[Learn More in SureCo's ICHRA 101 Guide](#)

## Increased ICHRA Awareness

ICHRAs are at an inflection point in terms of market awareness. Both employers and benefits consultants are showing an unprecedented increase in awareness and appetite for the model.

**63%** | of brokers believe ICHRAs will take over at least 50% of the market in the next decade.

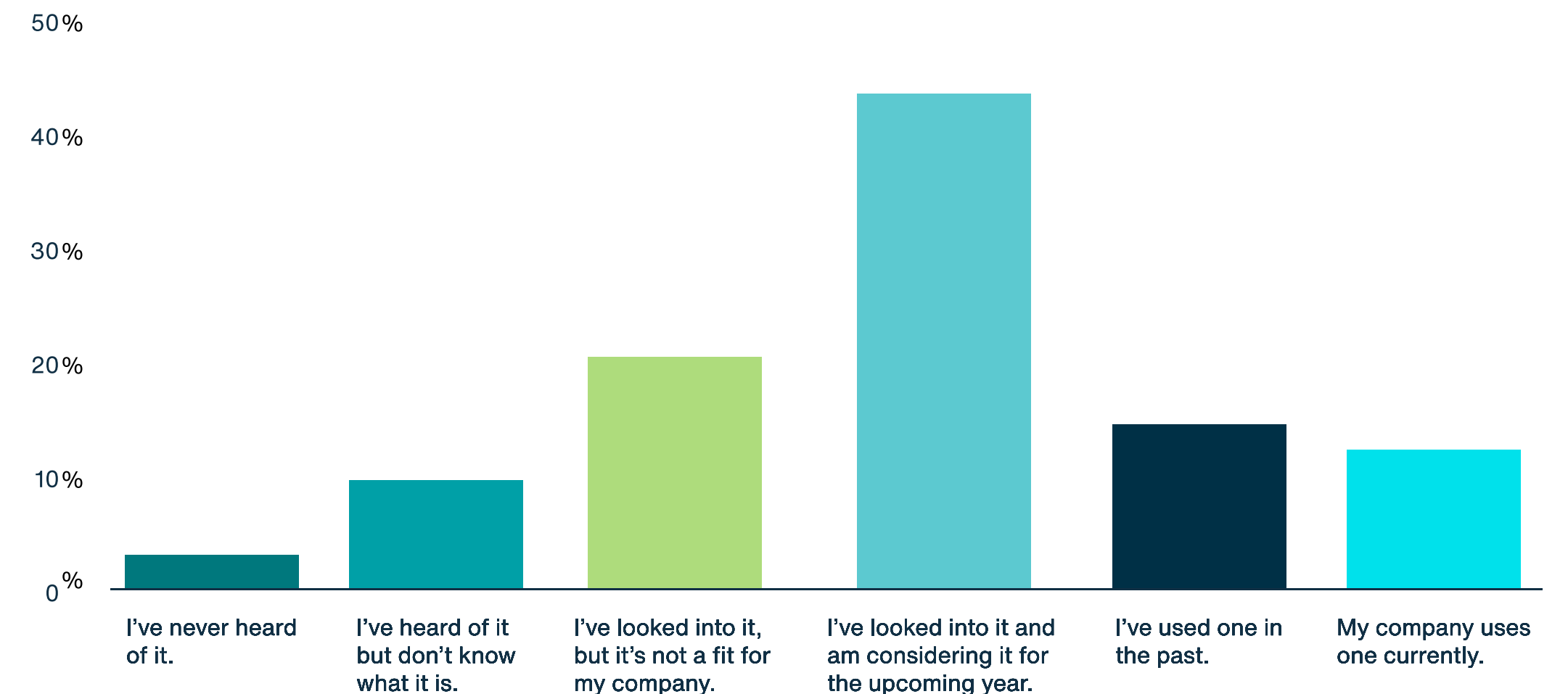
**78%** | of employers said their broker has mentioned an ICHRA to them.

**42%** | of employers are considering an ICHRA for the upcoming year.

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## How familiar are employers with ICHRAs?



## ICHRA Satisfaction

Making the leap to an entirely new benefits model may sound daunting, but the companies who've made the switch overwhelmingly agree that they're happy they did.

**88%** | felt their employees were satisfied with their plans.

**89%** | indicated that it was the right move for their company.

**84%** | saved at least \$500,000 on their yearly premiums.

**\$900,000** | average cost savings with an ICHRA

"By switching to an ICHRA, my client went from facing a 20% increase on premiums to realizing an 8% decrease, but we never would've done it without SureCo's technology or support. The platform makes it so easy for employees to navigate and find their own plans, and it didn't create an additional administration burden for the HR team."

— Scott Ripley, SVP of Employee Benefits, Gallagher Benefits



## Conclusion

Our surveys paint a clear picture: Employees want more say in their healthcare options, and employers are feeling the pinch between keeping workers happy and balancing the budget. Healthcare costs are skyrocketing, and it's tough to find that sweet spot between offering quality coverage and not breaking the bank. But employees aren't just looking for the basics anymore. They want choices, they want flexibility, and they want to feel like their healthcare needs are being heard. It's not just about the numbers, either. Yes, healthcare renewal rates are climbing and catching a lot of companies off guard. But it's also about what employees really value. Mental health coverage? Huge. Services like infertility treatments? Vital for many.

Alternative models like ICHRAs are becoming more mainstream and gaining traction for a reason. They offer cost savings, customization, and employees and companies stay with them. Looking ahead, the landscape of healthcare benefits is changing. By staying open to new ideas, listening to what employees really want, and taking a chance on something like an ICHRA, we can shake things up for the better. It's time to embrace the change, get creative, and build healthcare benefits that work for everyone. Because at the end of the day, that's what it's all about—keeping our teams healthy, happy, and ready to tackle whatever comes our way.

### Sources & Methodology:

Unless otherwise noted, all data in The 2024 State of Employee Health Benefits Report is from surveys conducted by Censuswide, an independent market research consultancy. Responses were collected from a nationally representative sample of 1,637 HR and finance professionals, employees, and benefits consultants across all industries. All employees and employers were from U.S.-based companies with 150-2,500 employees. Responses were collected between January 3 and January 11, 2024. Censuswide abide by and employ members of the Market Research Society, which is based on the ESOMAR principles.

# About SureCo

At SureCo, we're reimagining the traditional group benefits experience. We believe that custom health coverage ensures better healthcare—and that shouldn't come at a higher price tag for anyone.

That's why we lobbied for regulatory changes that allow employers to tap into the individual market. Then, we created a refreshingly simple Enrollment Platform that makes it easy for employees to find coverage that meets their specific needs from major carriers in their area. The new paradigm eliminates claims risk for employers, but our platform gives them the same pre-tax contribution model they're used to. Through custom integrations with HRIS and payroll systems, we ensure compliance, provide reporting, and relieve administrative burdens.

SureCo has been at the forefront of ICHRAs from the very beginning and continues to prove the value of this alternative to traditional health coverage.

- We lobbied for the regulatory changes that allowed employers of all sizes to offer ICHRAs in 2020.
- SureCo specializes in supporting large employers with 150+ workers seamlessly access the individual market.
- SureCo has 60+ years of combined ICHRA experience and a 98% customer retention rate.
- Our ICHRA Solution saves companies an average of 22% on premiums.

## Ready to see what an ICHRA can do for your company?

If you're interested in learning more about ICHRAs and SureCo's Enrollment Platform, our benefits experts would love to chat. Get in touch at [sureco.com/lets-meet-up](https://sureco.com/lets-meet-up).

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