



HEALTHCARE INDUSTRY GROUP

The Rise of Alternative Health Coverage Models: Short-Term Duration Plans, Health Care Sharing Ministries, and ICHRAs

Executive Summary



Over the past decade, the U.S. health insurance landscape has experienced a surge in alternative coverage models that operate outside of traditional ACA-compliant insurance.¹

Short-Term Duration Health Plans, Health Care Sharing Ministries (HCSMs) and Individual Coverage Health Reimbursement Arrangements (ICHRAs) have all grown in prominence, offering new pathways to coverage for consumers and employers alike. While each model serves different needs, they share the common feature of being exempt—wholly or partially—from ACA standards. This paper explores the regulatory foundations, market trends and implications for consumers and insurers.

With the Trump administration back in office, the policy and regulatory environment surrounding these models has already shifted. Early executive actions and agency guidance suggest a renewed emphasis on deregulation and consumer-directed health models.² These developments include proposed expansions of short-term plan durations, affirmation of exemptions for HCSMs, and enhanced flexibility for ICHRA adoption. These moves coincide with the scheduled expiration of enhanced ACA subsidies and potential reductions in federal Medicaid and Medicare funding—factors likely to accelerate the migration of individuals and employers toward these alternative options. Understanding their structure, use cases and policy exposure is essential for market participants and policymakers alike.

¹ Congressional Budget Office (CBO). "Federal Subsidies for Health Insurance Coverage for People Under Age 65: 2023 to 2033." Feb. 2023.

² Center on Budget and Policy Priorities. "Trump Budget Would Cut Medicaid, ACA Coverage, and Medicare." Analysis of FY25 Budget Proposal. Jan. 2025.





I. Short-Term Duration Health Plans



Short-Term Duration Health Plans (STPs) are limited-time insurance offerings, originally intended to fill temporary gaps in coverage, such as during a job transition or outside of open enrollment periods. They are exempt from many ACA requirements, including essential health benefits, pre-existing condition protections, and community rating.^{3,4}

Regulatory Context:

- Under the Obama administration, federal regulations limited STPs to three months.
- In 2018, the Trump administration expanded their availability to 364 days, with renewal options for up to 36 months.
- In July 2023, the Biden administration finalized rules limiting STPs to 4 months in total, citing consumer protection concerns.



Market Impact:

- STPs typically cost 50–80% less than ACA-compliant plans, making them attractive to healthier and younger individuals.^{4,5}
- Critics argue that STPs siphon healthy consumers from the ACA marketplace, leading to adverse selection and premium increases.⁵
- Numerous studies and state insurance reports document consumer confusion, denials of coverage, and high out-of-pocket costs due to narrow benefits and exclusions.

Business Structure and Market Dynamics:

- **Legal/Ownership Structure:** Typically structured as for-profit insurers or third-party administrators licensed at the state level.
- **Operating Models:** Sell through brokers and direct-to-consumer platforms; many rely on aggressive digital marketing.
- **Private Equity Role:** Several STP providers are backed by PE firms focused on disrupting legacy insurance models.
- **Value Proposition:** Lower premiums, simple underwriting, fast enrollment.
- **Provider Network & Access:** Often use narrow, non-ACA networks or limited negotiated discount arrangements.
- **Profitability:** High margins due to limited coverage and lower utilization; profitability closely tied to risk selection.
- **Estimated Membership:** 1.5–2.5 million (2024); down from peak levels in 2020.⁶
- **Growth Forecast:** Sable to increasing given increasing deregulation under the new administration; long-term viability may hinge on permanent policy shifts.
- **Market Scope:** Focused entirely on the individual market with no involvement in Medicare Advantage or group commercial markets.

³ Centers for Medicare & Medicaid Services (CMS). "Final Rule: Short-Term, Limited-Duration Insurance." Federal Register, July 2023.

⁴ Kaiser Family Foundation (KFF). "Short-Term Health Insurance Explained." 2022.

⁵ Urban Institute. "The Potential Impact of Short-Term Plans on ACA Marketplaces." 2021.

⁶ National Association of Insurance Commissioners (NAIC). "Health Insurance Coverage Types and Trends Report." 2023.



Role of Brokers and Channel Sales:

Brokers play a pivotal role in distributing short-term plans, often acting as the primary channel for consumer education, enrollment and renewals. Many STPs are sold through national brokerage networks and independent agents who are incentivized by commissions. Direct-to-consumer digital channels are also prevalent, often powered by broker aggregators or lead generation firms.



Top Providers of Short-Term Duration Health Plans:

- UnitedHealthOne (Golden Rule)
- National General (an Allstate company)
- Pivot Health
- IHC Group
- Everest
- Companion Life
- SureBridge (underwritten by Chesapeake Life)

Top Brokers:

- eHealth
- Agile Health Insurance
- HealthMarkets
- Pivot Health Direct
- Assurance (a Prudential company)



Critics argue that STPs siphon healthy consumers from the ACA marketplace, leading to adverse selection and premium increases.



II. Health Care Sharing Ministries (HCSMs)



Health Care Sharing Ministries are nonprofit entities where members, typically aligned through religious or moral beliefs, contribute monthly to help pay one another's medical expenses. Unlike insurance, there is no legal contract guaranteeing payment, and coverage is discretionary.

Regulatory Context:

- The ACA provides an exemption from the individual mandate for members of HCSMs that were in operation continuously since December 31, 1999.
- HCSMs are not subject to state insurance regulation in most states, though some states have passed laws requiring disclosures or regulating their marketing practices.



Market Impact:

- HCSM membership has grown significantly, from roughly 200,000 in 2010 to over 1.5 million by the early 2020s.⁷
- Appeals to individuals seeking lower-cost coverage and religious alignment, particularly in regions with limited ACA insurer participation.
- Risk of non-payment, restricted benefits, and exclusions for pre-existing conditions have led to state investigations and lawsuits in some jurisdictions.⁸

Business Structure and Market Dynamics:

- **Legal/Ownership Structure:** Operate as 501(c)(3) nonprofit religious or faith-based organizations.
- **Operating Models:** Centralized administration of monthly contributions with member-to-member cost-sharing; typically offer tiered sharing levels.
- **Private Equity Role:** None in traditional ministries; some newer for-profit entities may mimic the model but operate outside nonprofit scope.
- **Value Proposition:** Low monthly costs, religious alignment, community orientation.
- **Provider Network and Access:** No formal provider networks; often rely on members to self-negotiate or pay cash rates.
- **Profitability:** Not applicable for nonprofits; however, administrative cost ratios and reserve levels vary widely.
- **Estimated Membership:** ~1.5 million (2024), though reliable data is scarce.
- **Growth Forecast:** Accelerated growth due to decreased regulatory scrutiny and potential expiration of ACA subsidies and federal healthcare funding.
- **Market Scope:** Exclusively serves the individual market; not designed for Medicare, employer, or commercial group plans.

⁷ Alliance of Health Care Sharing Ministries. "Membership Trends and Legislative Overview." 2023.

⁸ Commonwealth Fund. "Health Care Sharing Ministries and Their Role in the U.S. Health Coverage Landscape." 2022.



Top Health Care Sharing Ministries:

- Medi-Share (Christian Care Ministry)
- Samaritan Ministries
- Christian Healthcare Ministries (CHM)
- Liberty HealthShare
- AlieraCare (formerly operated as an HCSM; now largely defunct after regulatory actions)
- Solidarity HealthShare
- Zion HealthShare



Role of Brokers and Channel Sales:

HCSMs traditionally rely on direct member referrals and faith-based community outreach for growth. However, in recent years, some have begun partnering with independent brokers, especially in states where ACA premiums remain high. These brokers typically present HCSMs as lower-cost alternatives, though not as licensed insurance products, which has led to increased regulatory attention on disclosure and marketing practices.

Top Brokers:

- Sedera Direct
- Remodel Health (faith-based benefits)
- Agile Health Insurance
- MyHealthShare
- Universal Benefits





III. Individual Coverage Health Reimbursement Arrangements (ICHRAAs)



ICHRAAs are an employer-funded benefit arrangement that reimburses employees, tax-free, for individual health insurance premiums and qualified medical expenses.⁹ Introduced under 2019 federal regulations and available as of January 2020, ICHRAAs offer employers a defined-contribution model for providing health benefits.

Regulatory Context:

- Employers must offer ICHRAAs on a class-consistent and nondiscriminatory basis (e.g., full-time vs. part-time, salaried vs. hourly).
- Employees must be enrolled in individual health insurance coverage to qualify.
- ICHRAAs cannot be offered in conjunction with a traditional group health plan to the same employee class.



Market Impact:

- Particularly appealing to small and mid-sized employers looking for predictable costs and reduced administrative burden.
- Supports portability and consumer choice in coverage.
- As of 2023, an estimated 400,000 employees were covered through ICHRAAs, with steady year-over-year growth.^{10, 11}

Business Structure and Market Dynamics:

- **Legal/Ownership Structure:** Employer-funded benefit, often administered by third-party vendors.
- **Operating Models:** Employers allocate monthly allowances; employees choose and purchase ACA-compliant individual plans.
- **Private Equity Role:** Significant investment in benefit-tech platforms enabling ICHRA administration.
- **Value Proposition:** Cost control for employers, plan choice and portability for employees.
- **Provider Network and Access:** Determined by the individual plan selected by the employee; typically, full ACA networks.
- **Profitability:** Depends on the administrative vendor and underlying plan carrier; varies by market.
- **Estimated Membership:** ~400,000 (2023); projected to exceed 1 million by 2026.
- **Growth Forecast:** Strong upward trajectory as awareness and vendor solutions improve.
- **Market Scope:** A bridge between employer-based benefits and the individual market; not applicable to Medicare Advantage or legacy commercial group plans.

⁹ Internal Revenue Service (IRS), Department of Labor (DOL), and Department of Health and Human Services (HHS). "Final Rule on ICHRA Implementation." 2019.

¹⁰ Employee Benefit Research Institute (EBRI). "ICHRAAs: Trends and Employer Adoption." 2023.

¹¹ Kaiser Family Foundation (KFF). "Employer Health Benefits Survey: ICHRA Participation and Potential Growth." 2023.



How ICHRA Enablers Work:

These platforms provide a technology-driven interface between employers, employees, and insurance carriers. They help employers:

- Define and manage monthly contribution allowances.
- Maintain compliance with IRS, HHS and DOL requirements.
- Educate employees about eligible plan options in their geographic area.
- Handle document generation, IRS reporting, and claims reimbursement.

From the employee's perspective, these enablers:

- Provide plan comparison tools to evaluate ACA-compliant options.
- Facilitate enrollment in individual marketplace plans.
- Offer ongoing support for reimbursement submissions and eligibility tracking.

Integration with Major Carriers:

Most enablers integrate directly or through APIs with leading national and regional insurers to present real-time plan offerings, coverage details, and pricing. These often include:

- Blue Cross Blue Shield plans (across multiple states)
- Oscar Health
- Molina Healthcare
- Bright Health (limited markets)
- Ambetter (Centene)

Role of Brokers and Channel Sales:

Brokers are instrumental (i.e., market makers) in employer adoption of ICHRAs. Benefit consultants and independent brokers often introduce ICHRA solutions to employers as a cost-containment strategy. Enabler platforms frequently partner with broker networks, offering white-labeled portals, co-branded marketing materials, and ongoing support to drive engagement and retention. Some platforms offer direct sales but rely heavily on broker relationships for growth.

Top Brokers:

- OneDigital
- HUB International
- NFP
- Gallagher
- BenefitMall



Top ICHRA Plan Platforms:

- Take Command Health
- PeopleKeep
- Remodel Health
- Gravie
- Decent
- Nexben
- Sana Benefits





Conclusion

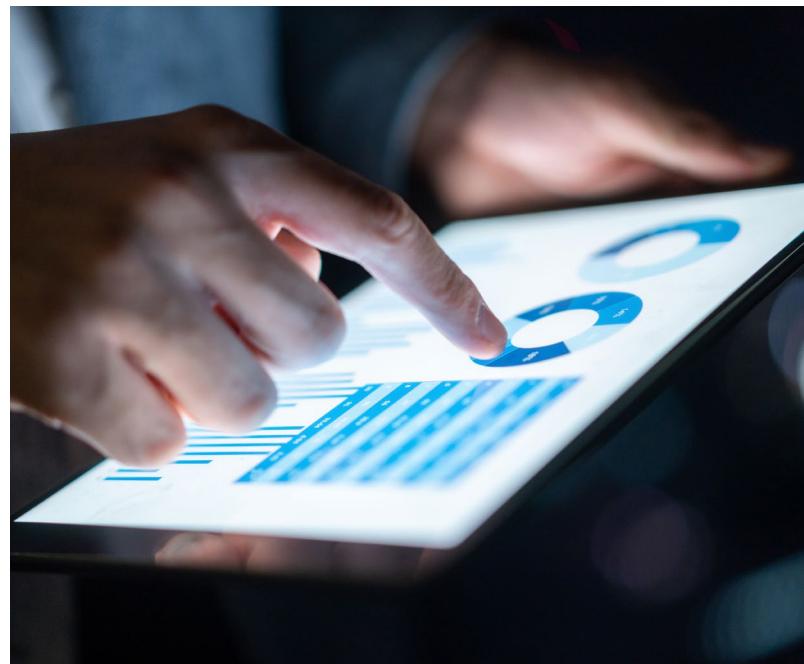


The expansion of Short-Term Duration Plans, Health Care Sharing Ministries and ICHRAs reflects growing demand for flexibility and affordability in health coverage. Each offers distinct benefits and risks—from cost savings and personal alignment to gaps in coverage and consumer protection.

Now under a renewed Trump administration, deregulatory momentum is reshaping the policy landscape for these models. The expiration of enhanced ACA tax credits and potential reductions in federal Medicaid and Medicare funding could further elevate the relevance and market penetration of these alternatives. As traditional safety nets recede, these options may become primary coverage vehicles for a growing share of the population.

Stakeholders across the health care ecosystem must prepare for this shift, balancing innovation and consumer choice with transparency, risk mitigation, and regulatory accountability.

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Appendix:

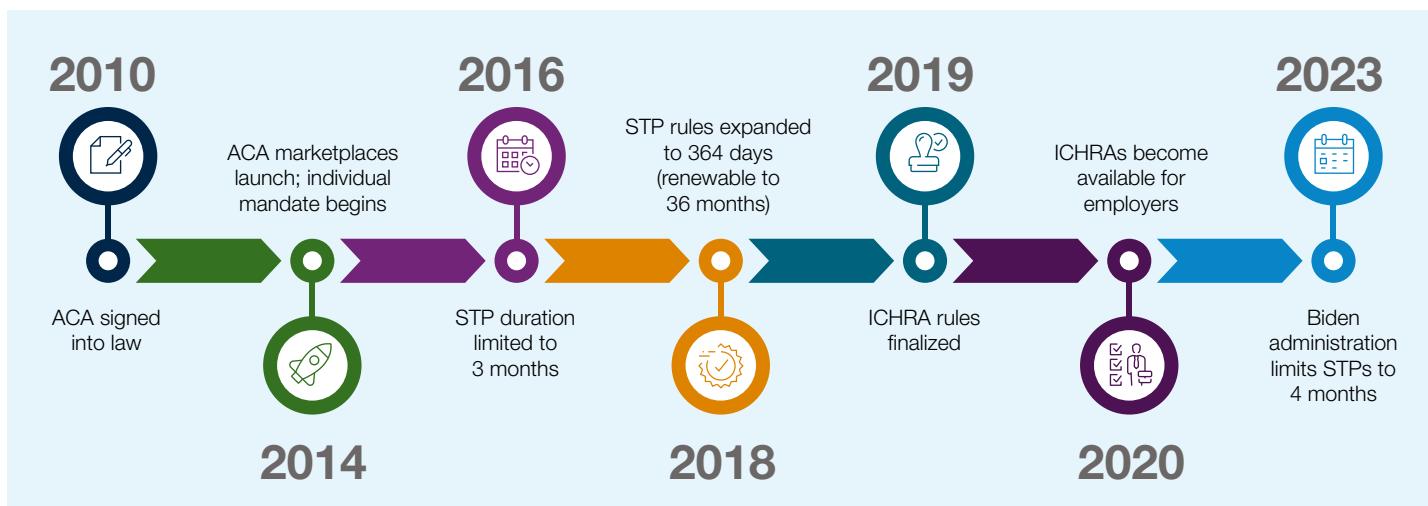


A. Comparison of STPs, HCSMs, and ICHRAs

Feature	STPs	HCSMs	ICHRAs
Regulated as insurance	Partially	No	Yes (employer benefit rule)
ACA compliant	No	No	Tied to ACA plans
Covers essential health benefits	No	Usually not	Yes (via individual plans)
Covers pre-existing conditions	Often excluded	Often excluded	Yes (via individual plans)
Guarantee of payment	Yes (limited)	No	Yes
Premium subsidies available	No	No	Employer-funded
Tax-advantaged	No	No	Yes
Ideal for	Young/healthy individuals	Faith-based consumers	Employers/employees seeking flexibility
Ownership Model	For-profit insurers	Nonprofit religious orgs	Employer + third-party vendors
Provider Network	Narrow/discount networks	Member-negotiated or cash	Varies by selected ACA plan
Private Equity Involvement	Moderate	Minimal	High in tech enablers
Profitability Profile	High risk-selective margin	N/A or highly variable	Variable (vendor and plan)



B. Timeline of Key Regulatory Changes



C. State-by-State Regulation Snapshot¹²

State	STPs Allowed	HCSMs Allowed	ICHRAAs Supported
California		X	X
Florida	X	X	X
New York			X
Texas	X	X	X
Illinois	X	X	X
Massachusetts		X	X

¹² CMS. "State-Level ACA Compliance and Marketplace Participation." 2024.



Sources:

- CMS
- IRS and DOL regulatory filings
- KFF, Urban Institute, Commonwealth Fund studies
- NAIC reports on alternative coverage models
- State insurance department publications

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