

# ICHRA: The Solution to Group Health Insurance for the Construction Industry (2023)





## INTRODUCTION

The construction industry is the backbone of America's infrastructure, and it's no secret that the demand for new projects is rapidly increasing. If you're grappling with a shortage of skilled laborers to complete projects, you're not alone. A staggering 72% of contractors say they're in the same boat.<sup>1</sup>

Building the next generation of employees and retaining existing ones is mission critical, and health benefits are a key component of doing so. But as the cost of group health insurance skyrockets, offering affordable, quality coverage is becoming nearly impossible. SureCo's innovative ICHRA Solution provides a much-needed alternative to group plans that allows construction businesses to grow while containing healthcare costs.

In this guide, we unpack the current state of health benefits in the construction industry and explain how businesses and their broker partners can leverage the individual market to give themselves a competitive advantage.



# The 2023 State of Employee Benefits in Construction

The National Safety Council considers construction **one of the most dangerous industries** in which to work. Yet, it has the second highest rate of uninsured workers, trailing just behind agriculture. Here, we take **a closer look at the numbers** and break down where the employees who are insured are getting their coverage and whether their union status makes a difference. Plus, we examine the rates of employer-sponsored health coverage by specific occupation.

## Industry Size

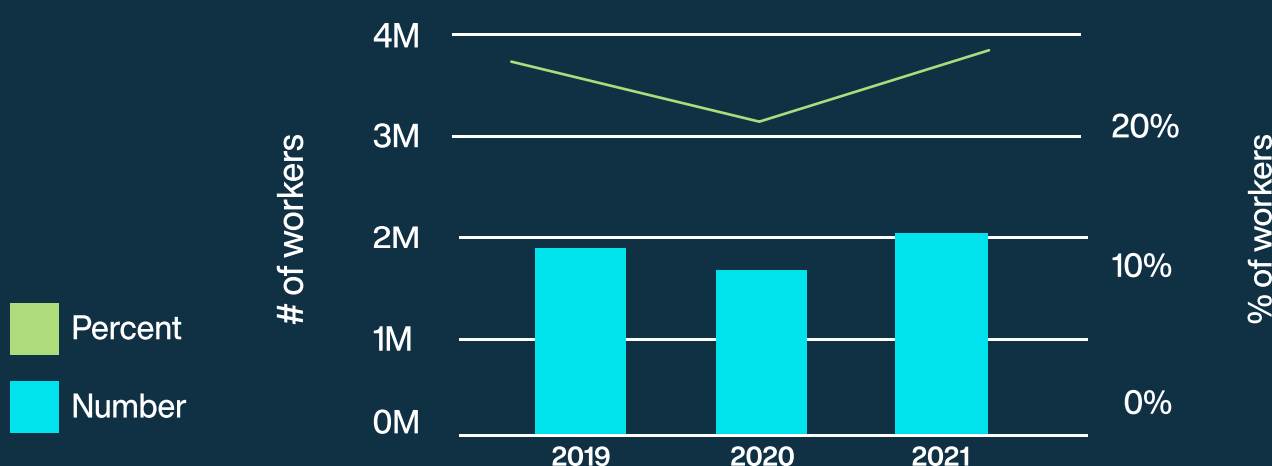
**7.8**  
million people

7.8 million people are employed by the construction industry—that's about 2.9% of the U.S. workforce.<sup>2</sup>

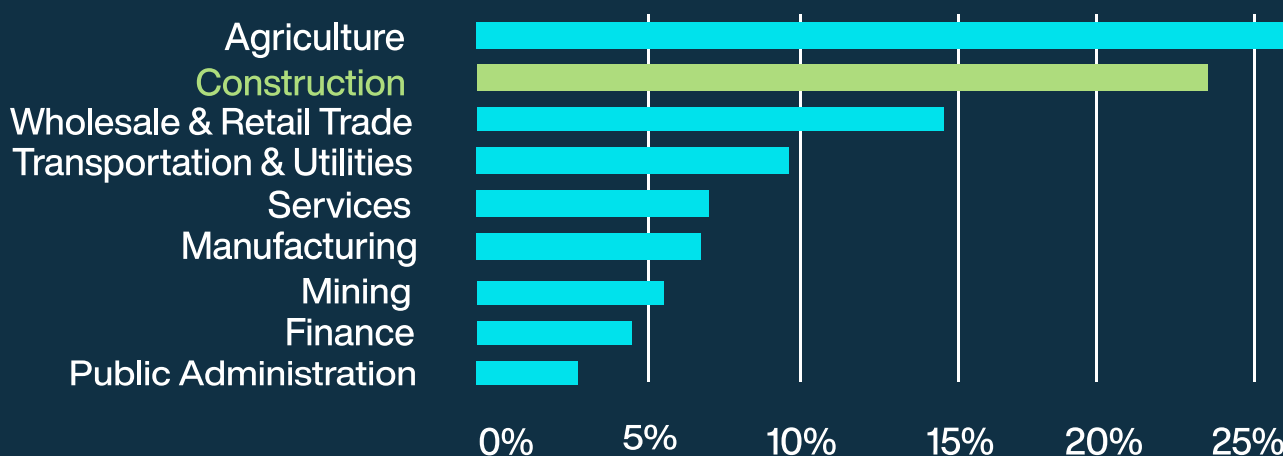
## Uninsured Workers

More than 2 million construction workers were uninsured in 2021, up from 1,1680,400 in 2017.<sup>3</sup>

### Uninsured Construction Workers by Year



### Uninsured Workers by Industry



## Source of Health Coverage

For construction workers who do have medical benefits, **less than half** receive them from their employer.<sup>3</sup>

**45.8%**

employer-provided

**13.6%**

other

**10.5%**

public

**5.9%**

direct purchase

## Employer-Provided Health Insurance by Union Status

Construction workers in a union are **2.5x more** likely to have employer-provided insurance than their non-union counterparts.<sup>3</sup>

**76%**

member of a union

**30%**

non-member

## Employer-Provided Health Insurance by Occupation

Health insurance options vary wildly depending on specific occupations in the construction industry. In many cases, the higher percentages reflect jobs that are more likely to be unionized.<sup>3</sup>

occupation	% of workers	occupation	% of workers
Dredge/excavating operator	100	Material moving	54.7
Mining & extraction workers	100	Foreman	51
Crane tower operator	89.1	Glaizer	50.6
Other	84.8	Service workers	49.7
Power-line installer	83.4	Plumber	49.2
Highway maintenance	77.8	Administrative support	44.9
Rail-track laying & maintenance	76.1	Crossing guard & flagger	44.3
Professionals	75.6	Sheet metal	44.3
Boilmaker	72.1	Insulation worker	39.7
Iron & steel workers	67.9	Helper	35.7
Elevator & escalator	63.4	Cement mason	34.8
Solar installers	62.1	Production worker	31.5
Manager	60.6	Laborer	31.4
Electrician	60.3	Derrick, rotary driller, earth driller	28.4
Telecom-line installer	59.8	Brickmason	26.7
Head a/c mechanic	59	Carpenter	26.3
Welder	58.9	Plasterer	21.7
Construction equipment operators	58.3	Roofer	20.7
Construction manager	58.2	Painter	18.3
Inspector	57.9	Carpet & tile	16.1
Truck driver	57.6	Drywall	14.7
Repairer	57.1	Fence erector	11.5

\*All statistics above reflect both wage (hourly) and salaried workers who are at least 16 years of age and documented by the U.S. Department of Labor Statistics Current Population Survey.

# SureCo's ICHRA SOLUTION

Maximize employee health benefit options. Minimize Costs.

[Speak to a Benefits Expert Now](#)



## Distribution of Enrollment by Plan Type

For construction workers offered health insurance by their company in 2022, **more than half** enrolled in a PPO and more than a third had a high-deductible health plan.<sup>4</sup>

54%

PPO

32%

HDHP

7%

POS

5%

HMO

## Average Total Monthly Group Plan Premiums

Single<sup>4</sup>

PPO

\$627

HDHP

\$599

All Plans

\$618

Family<sup>4</sup>

PPO

\$1,812

HDHP

\$1,831

All Plans

\$1,821

## Medical Expenditures by Age

Construction currently relies on older, experienced workers who are deemed a **high-risk—and subsequently more expensive**—cohort by traditional group health carriers. Their annual healthcare costs far outpace the medical expenditure of younger employees.<sup>3</sup>

Age	Average Expenditure	Median Expenditure
65+	\$8,010	\$3,350
55-64	\$4,930	\$1,030
45-54	\$3,820	\$420
35-44	\$1,940	\$360
25-34	\$1,000	\$150
18-24	\$1,120	\$0

**35% of families** of construction workers rely on one or more public assistance programs to make ends meet. This underscores just how **powerful** an affordable benefits offering can be.<sup>5</sup>



# Challenges Facing the Construction Industry

Construction is **poised for tremendous growth** over the next decade, but the influx of new projects will only come to fruition if there are enough skilled laborers to staff them. Workforce contraction is by far the construction industry’s biggest challenge. Providing health benefits has the potential to be a game changer for recruitment and retention, but doing so comes with its own set of obstacles—like high premiums and compliance concerns.

## The Challenge: Workforce Contraction

The dwindling pool of construction workers is not a symptom of current economic conditions, but a protracted point of contention in construction. In its 2023 Engineering & Construction Industry Outlook, consulting firm Deloitte attributes this to three factors:

1 A declining interest in the industry among workers aged 25 to 54 who have decreased by 8% over the past decade

2 More competition for workers from other industries like technology and trucking

3 An increase in the number of older workers leaving the industry to retire

The labor shortage is already severely impacting revenues for construction businesses.<sup>1</sup>

**72%** | of contractors face challenges meeting project schedule requirements due to an inadequate number of workers

**45%** | of contractors have turned down work due to a skilled labor shortage

And it’s predicted to get worse. On top of normal hiring practices, hundreds of thousands of additional workers will be needed to meet the industry’s demand:<sup>6</sup>

**2023** | + **546,000**      **2024** | + **324,000**

States expected to have the highest rates of construction employment growth between now and 2028:<sup>7</sup>



"SureCo understands and values the relationship between companies and their brokers. We believe in working together to increase coverage while containing costs."

–Tom Mafale,  
SureCo Chief Revenue Officer



## The Challenge: Rising Group Insurance Premiums

Offering quality healthcare benefits is a seemingly simple way to lure the next generation of skilled laborers into the field, especially given tightening in the labor markets through the first months of 2023. But the dangerous nature of construction means that companies face shockingly high premiums and renewal rate hikes for traditional group healthcare plans.

According to SureCo's data, average premiums for construction companies across the U.S. hovered around \$674 per participant/month in 2021. That's a 20% increase from 2020 and 14% higher than the national average.

Year	Average of Premium Total   Participant   Month
2020	\$561.69
2021	\$673.79
Percent Change	20%

As inflation catches up to health insurance renewals, rates will likely increase even more in 2024 and beyond. That's bad news for industries like construction that are grappling with above-average claims risk that will further drive up those rates.



## The Challenge: Increased ACA Penalties

Construction companies with **50 or more full-time or full-time-equivalent employees**—are required to offer affordable, minimum essential coverage by the Affordable Care Act’s Employer Mandate. The industry is already among the most at-risk to rack up millions of dollars in penalties for noncompliance. And things are about to get worse: The IRS is predicted to increase enforcement in 2023 and beyond, thanks to \$80 billion in funding provided by the Inflation Reduction Act that targets compliance.



## Penalty Rates

Companies can receive an “A” penalty for not offering coverage at all, or a “B” penalty for offering coverage that is not affordable or does not meet the minimum value. Rates for both are increasing.<sup>8</sup>

	<b>A Penalty</b> (charged per full-time employee minus the first 30)	<b>B Penalty</b> (charged per full-time employee who received a premium tax credit)
<b>2022</b>	<b>\$2,750</b>	<b>\$4,120</b>
<b>2023</b>	<b>\$2,880</b>	<b>\$4,320</b>
<b>2024</b>	<b>\$2,970</b>	<b>\$4,460</b>

## Why Construction Is at Risk of ACA Penalties

### High turnover rates

When your employees are regularly being replaced and new hires are being constantly onboarded, your HR team can have a harder time tracking the data. This can cause confusion over who is eligible for health benefits.

### High percentage of hourly and seasonal employees with varied schedules

The IRS counts an employee as full time if they work an average of 30 hours a week or 130 hours a month. Part-time workers can impact how many “full-time employees” your company has, though. The IRS will take all the hours worked by your part-time workers and divide it by 120 to get your “full-time equivalent employee count.” That gets added to your actual number of full-time employees when determining your company size.

### Decentralized HR teams

Companies need to track the number of full-time and full-time equivalent employees and ensure that they file paperwork for everyone who has received a benefits offer. This becomes more complex when HR teams are dispersed.

# The Solution: An Individual Coverage Health Reimbursement Arrangement (ICHRA)

So [how can construction companies offer health benefits](#) to attract and retain much-needed workers when health premiums and penalties continue to rise? Moreover, how can businesses provide the customizable benefits today’s job seekers expect, especially in an industry that spans multiple states and generations? Enter the Individual Coverage Health Reimbursement Arrangement, or ICHRA.

## What Is an ICHRA?

An ICHRA is an alternative to traditional group health insurance. It allows construction companies of any size to contribute tax-free dollars to their employees for the health plan of their choice on the individual market. Employees choose the coverage that works best for their needs, location, and budget (after company contributions). The company controls costs by eliminating claims risk.

Enrolling 100+ employees in individual plans may seem daunting, but SureCo’s turnkey Enrollment Platform makes it easy. HR teams complete benefits administration in a fraction of the time they used to spend on traditional group enrollment. Our white-glove customer service team ensures all employees’ questions will be answered.

## The Power of Choice

ICHRAAs allow employers to divide their workforce into classes (think: full-time employees vs. seasonal employees) and offer different reimbursement contributions to each. This can help construction firms provide health benefits to part-time or project-based workers.

## ICHRA vs Traditional Group

	ICHRA	Traditional
Employee Plan Ownership	✓	✗
Health Expense Reimbursement	✓	✗
Coverage of Pre-Existing Conditions	✓	✓
Coverage Continuation After a Job Loss or Change	✓	Limited
Simplified ACA & COBRA Compliance	✓	✗
Tax Advantage Premiums	✓	✓
Broker-Endorsed	✓	✓

## Facts

### Fact #1

The U.S. Departments of Treasury, Labor and Health and Human Services estimate 800,000 employers will offer an ICHRA by the end of the year 2025, insuring 11 million individuals.

### Fact #2

SureCo lobbied for the regulatory changes that allowed companies of all sizes to offer ICHRAs in 2020.

### Fact #3

SureCo's ICHRA solution saves companies an average of 20% on premiums!

## Partner With SureCo

SureCo is helping democratize access to employee benefit information by sharing the latest data, trends, and priorities in the construction industry. Our goal is to empower businesses—in partnership with their broker or benefits consultant—to make effective and efficient decisions about employee health coverage. Together, we can improve the future of administering and managing construction employee benefits and stay ahead of the curve in this rapidly evolving landscape.

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

## About SureCo

SureCo is 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 seamless integrations with HRIS systems, we ensure compliance, provide reporting, and relieve administrative burden. SureCo is the benefits solution that makes everyone happy.

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