Paradigm CONSULTING

Indiana Small-Group Health Options: 2027 Employer Guide

If you own or run a small business in Indiana, you've probably noticed how unpredictable health insurance has become. **Prices keep climbing, and the list of choices seems to change every time you look.**

At the start of 2025, small businesses had several health plan options. Within months, that changed. A long-standing carrier was sold and consolidated, removing it from the market; pricing with established carriers continued to rise; and a key association plan ended its partnership with a major insurer.

Because of this, new products and partnerships have entered the market. Some are familiar names with different structures, and others are new arrangements that many businesses have never heard of before.

This guide takes a closer look at the main health plan options available to Indiana small businesses, how they differ, and what to keep in mind as you prepare for your next renewal.

Indiana small businesses now have three main health plan options.

Each option meets the basic requirements but comes with different trade-offs. Some are familiar and predictable, while others promise savings that may not last. Knowing the differences will help you decide which path works best for your business and your employees.

ACA Plans

Affordable Care Act (ACA) plans are fully insured options that are widely available and easy for employees to recognize. While they provide stability and familiarity, they are often the most expensive choice for small businesses.

Level-Funded Plans

Level-funded plans are marketed as lower-cost alternatives to ACA products. They can be appealing in the first year, but costs may become less predictable over time as claims experience develops. Unlike fully insured plans, these carry some risks, which employers should be prepared to manage.

Multiple Employer Welfare Arrangements (MEWA)

MEWAs offer qualifying employers an alternative path outside the traditional small-group market. By taking a group's health profile into consideration, these arrangements can create opportunities for more competitive pricing, along with strong provider access and a variety of plan options.

QSEHRA

For small employers that don't offer a traditional group health plan, a QSEHRA provides a straightforward way to start contributing toward employees' healthcare costs. The employer provides reimbursement dollars that employees can use for qualified medical expenses, including the cost of an individual ACA health insurance policy.

ICHRA

For employers looking to rethink an existing group health plan, an ICHRA replaces the traditional one-plan-for-everyone approach with a defined employer contribution and individual employee choice. It can be particularly valuable when rising costs, multiple locations, or different workforce needs make a traditional group plan increasingly difficult to manage.

Now, let's take a closer look at how each option works, what to watch out for, and where you can find stability as you plan for the future.

ACA plans are the most widely recognized option for Indiana small businesses.

The major carriers make ACA (Affordable Care Act) plans available to every employer with two or more employees. For many businesses, these plans are familiar and straightforward. They meet all federal requirements and give employees access to large networks of providers. Because of that, they've become the default choice when business owners aren't sure what else to do.

But ACA plans are also the most expensive path for many small businesses. It's no secret that premiums keep climbing year after year, often with little explanation. Renewals of 20% to 40% have become common, leaving many business owners frustrated and struggling to manage the costs.

ACA plans remain a reliable choice, but they do come at a cost. Before accepting another increase, it's worth putting your renewal side by side with other options to see if your current plan is still the right fit for your business.

Level-funded plans are marketed as a way for small businesses to save money.

These plans are designed to look like fully insured coverage, but behind the scenes they operate more like self-funding. Basically, employers pay a set monthly amount that combines fixed costs with a portion of their payment being set aside for their business's claims.

For some small businesses, level-funded plans can create short-term savings. If claims run lower than expected, employers may even get a portion of that money back at the end of the year. This makes them appealing to owners looking for immediate cost relief.

However, the challenge is that level-funded plans can also be quite volatile with regard to renewals. If claims rise, renewals often come with sharp increases, wiping out any savings from the prior year. Many businesses that switch to level-funded plans end up stuck with higher costs and less predictability—often leading to the need to shop the market again year after year.

Level-funded plans can work in certain cases, but small businesses should approach them carefully and with proper transparency. Understanding the risks and comparing long-term costs side by side with other options is essential to knowing if this is the right plan for your business.

For small businesses, MEWAs can open the door to opportunities beyond the traditional market.

Multiple Employer Welfare Arrangements (MEWAs) give qualifying employers an alternative to the traditional small-group health insurance market. By bringing employers together within a larger arrangement, MEWAs can provide access to competitive plan designs, established provider networks, and pricing opportunities that may not be available through standard ACA small-group plans.

One of the biggest differences is how rates are determined. MEWAs take the health profile of the group into consideration, meaning employers with favorable risk may have an opportunity to achieve meaningful savings compared to traditional community-rated coverage.

Indiana employers also have access to multiple MEWA programs, each with its own eligibility requirements, underwriting approach, provider networks, plan designs, and industry or organizational criteria. An employer that isn't a fit for one arrangement may qualify for another, making it important to evaluate the market rather than viewing MEWA as a single product.

MEWAs aren't necessarily the right solution for every employer. Rates can be influenced by the health of the group, eligibility requirements vary, and renewal performance should be considered alongside the initial savings.

For the right employer, however, a MEWA can provide an attractive balance of cost, coverage, and access—and an important alternative to simply accepting the traditional small-group renewal.

For small employers, offering a meaningful health benefit doesn't have to mean sponsoring a traditional group health plan.

A Qualified Small Employer Health Reimbursement Arrangement (QSEHRA) allows eligible small employers to provide employees with reimbursement dollars for qualified medical expenses, including premiums for individual ACA health insurance. Rather than selecting one medical plan for the entire workforce, the employer establishes a defined reimbursement allowance within annual federal limits.

This can be particularly attractive for employers that want to introduce a health benefit without taking on the participation requirements and structure of a traditional group medical plan. Employees maintain flexibility in how & if they obtain coverage, while the employer gains greater control over its healthcare budget.

QSEHRAs do have limitations. They are available only to eligible small employers that do not offer a group health plan, annual federal reimbursement limits apply, and the benefit can affect an employee's eligibility for individual-market premium tax credits.

For the right small employer, a QSEHRA can provide a flexible way to offer meaningful healthcare assistance without introducing a traditional group medical plan.

For employers ready to rethink traditional group health insurance, an ICHRA changes the model.

An Individual Coverage Health Reimbursement Arrangement (ICHRA) allows an employer to replace traditional group medical coverage with a defined reimbursement benefit employees use toward their own individual health insurance.

Rather than asking, “Which group plan should we renew with this year?”, an ICHRA allows an employer to consider a fundamentally different question: “How much do we want to contribute toward healthcare, while allowing employees to choose the coverage that works for them?”

That distinction can be especially valuable for organizations dealing with employees across multiple states, varying provider needs, difficult group renewals, or a workforce whose healthcare needs don’t fit neatly into other available alternative employer-selected plans.

The strategy can provide greater control over the employer’s contribution while giving employees more ownership over plan selection. However, an ICHRA requires careful consideration of contribution design, affordability, employee classifications, individual-market availability, compliance, and employee education.

For the right organization, an ICHRA isn’t simply another health plan—it’s a different way of delivering the health benefit altogether.

Take a clear look at your renewal alongside other choices.

Most small businesses get their renewal, accept the increase, and sign it because they don't think there's another choice. But you do have a choice—or at least the chance to ask questions and to fully understand whether your current plan is still the right fit.

The simplest step is to **schedule a consultation** and send us your renewal. We'll evaluate it alongside other strategies available to your business to see where there may be opportunities to improve cost, coverage, or long-term sustainability.

You may find your current plan still works. Or you may find there's a better path for your business and employees. Either way, you'll know you made the decision with clarity instead of guesswork.

Schedule your consultation today **online** or call **(765) 742-6805**.