Health Benefit Trends for Small- to Mid-Sized Businesses

An eHealth Survey
September 2026

Introduction & Highlights

For many small- to mid-sized employers, offering traditional group health insurance is becoming a bigger and more expensive challenge each year. With rising costs and the administrative burden of offering health benefits, a growing number of small- to mid-sized employers are considering cancelling traditional coverage or adopting new approaches to health insurance for their workforces.

Cost concerns heading into 2027 among small- to mid-sized businesses

- 54% of businesses that offer group health insurance are facing double-digit group health insurance premium increases for 2027.
- 80% of employers facing rate hikes were "surprised" by the size of the premium increase for next year.
- 73% of those offering group coverage now are considering dropping traditional health insurance benefits in 2027, with the high cost of coverage the primary motivator.
- 85% worry they won't be able to afford to offer group health insurance benefits within three years.

Satisfaction rates and interest in alternative options

- 72% express at least one point of dissatisfaction with their current coverage, with common issues including high premiums (29%) unpredictable costs (19%) and finding a plan that fits everyone (13%).
- 58% report already pursuing alternatives, such as level-funded or self-insured plans, or shifting to Customer Health Option and Individual Care Expense (CHOICE) Arrangements*.
- 57% of all small- to mid-sized employers are familiar with CHOICE Arrangements*, up from 46% last year.

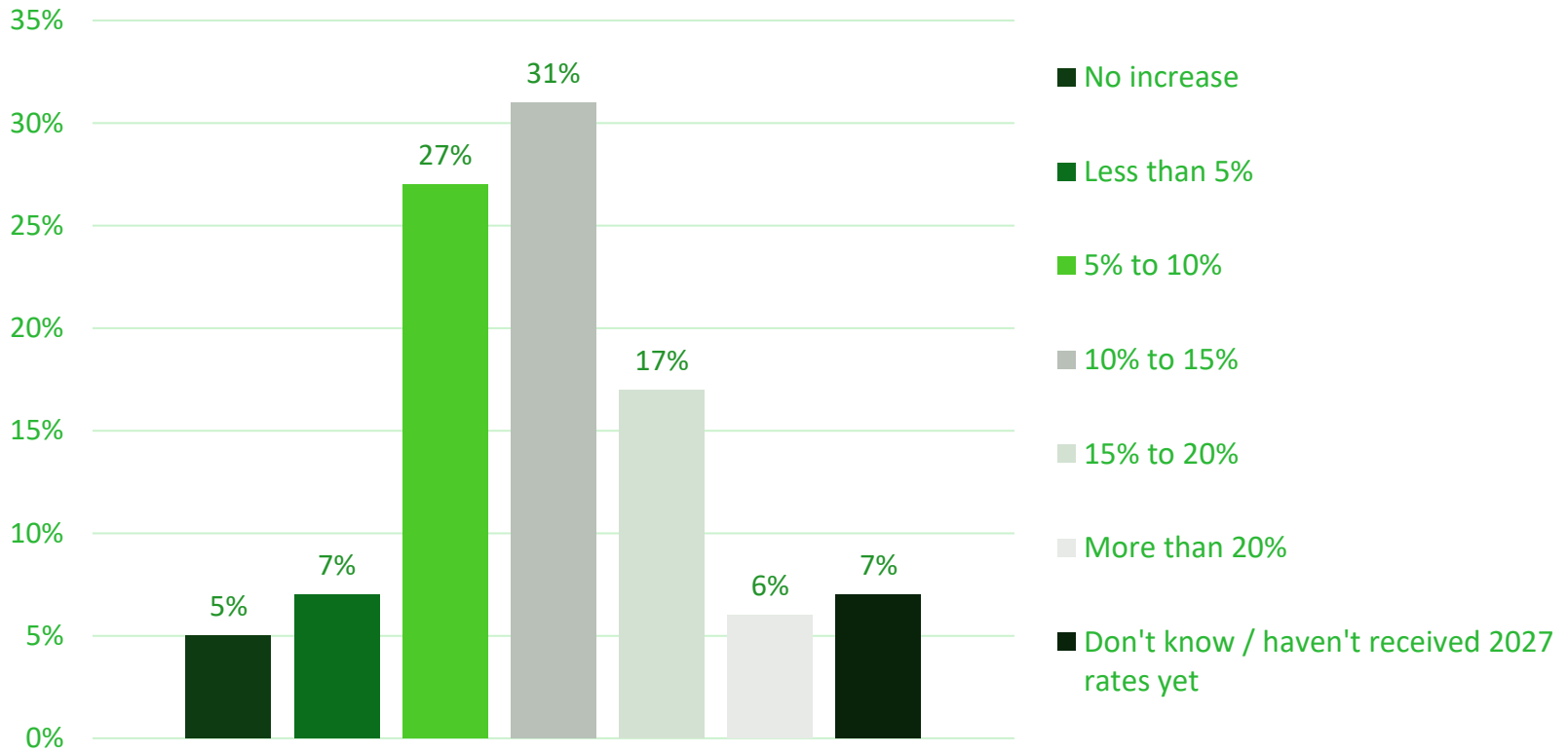
**As of September 3, 2026, the Centers for Medicare and Medicare Services is now referring to Individual Coverage Health Reimbursement Arrangements (ICHRAs) as CHOICE Arrangements.*

Most Face Double-Digit Premium Hikes

54% of small- to mid-sized businesses are facing double-digit health plan premium increases for 2027

- 7% of those offering group health coverage are facing premium increases of less than 5% for 2027.
- 27% report a premium increase of 5% to 10%.
- 31% say premiums are going up between 10% to 15%.
- 17% are facing a premium spike of 15% to 20%.
- 6% report premiums jumping by more than 20%.
- Only 5% are not facing any increase in premiums.

About how much are your employee health benefit premiums increasing by for 2027?

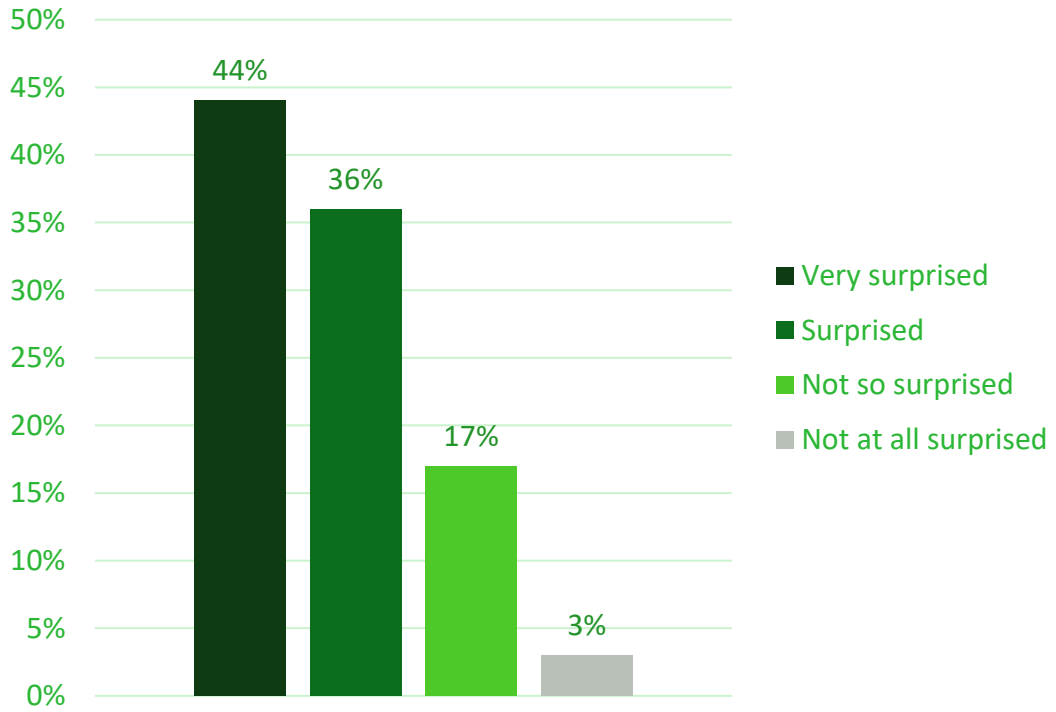


Health Plan Premium Sticker Shock

Eight in 10 were surprised by their 2027 health plan premium hikes

- 44% of small- to mid-sized businesses offering group health coverage and facing a rate increase say they were “very surprised” by the new 2027 premiums.
- An additional 36% say they were “surprised.”
- 17% say they were “not so surprised.”
- 3% say they were “not surprised at all.”

How surprised were you by the amount of your health plan premium increase for 2027?



Most employers not offering group health plan benefits point to costs as the reason

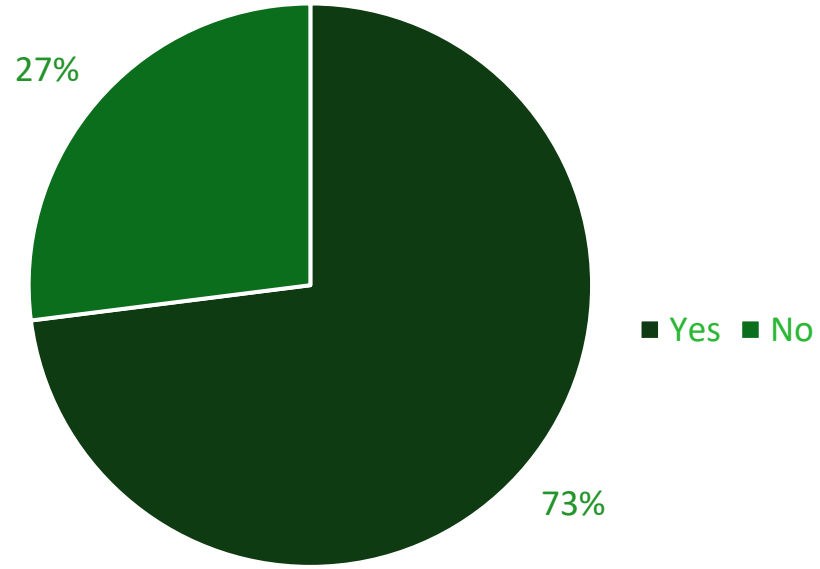
- Among small- to mid-sized employers not currently offering group health insurance benefits, 65% say they would like to do so but can’t afford it.

Getting Priced Out of Health Benefits

Nearly three quarters say they are considering dropping health benefits for 2027

- 73% of small- to mid-sized businesses currently offering traditional group health benefits are considering dropping those benefits for 2027.
- 27% say they are not considering dropping health benefits for 2027.

Are you actively considering dropping group health benefits for 2027?



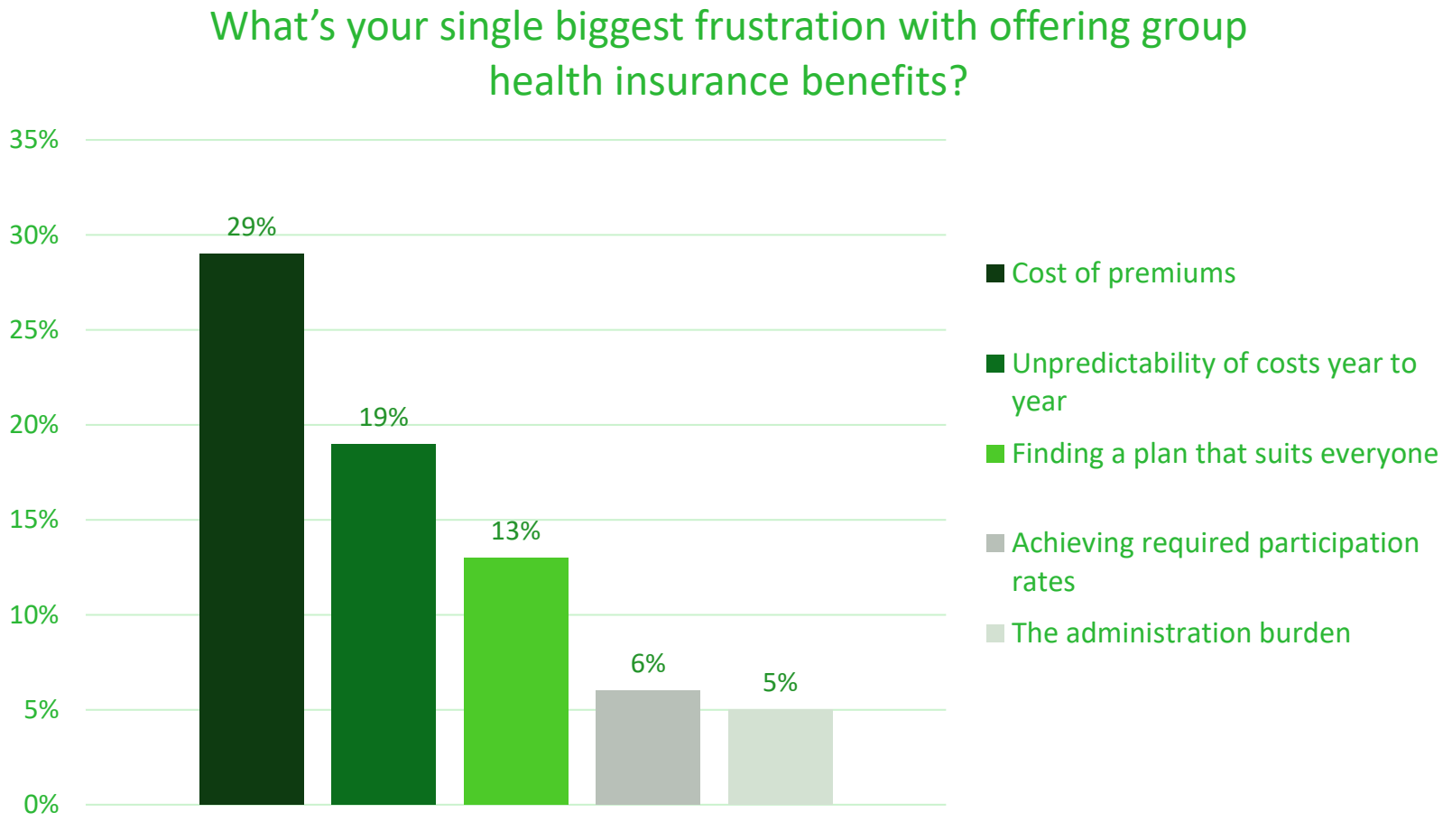
Costs are the driving factor for most that are considering dropping coverage

- Among those who say they are considering dropping employee health benefits, 85% cite costs.
- 11% cite the challenges of managing health benefits for employees, while 5% cite other reasons.

Frustration With Offering Health Benefits

Cost concerns top the list of frustrations for those offering group health benefits

- 29% of employers offering group health benefits say the cost of premiums is their single-biggest frustration.
- 19% cite the unpredictability of costs year to year.
- 13% cite finding a plan that suits everyone.
- 6% cite minimum participation rates set by carriers, while 5% cite the administration burden.
- An additional 28% say they have no significant frustrations.

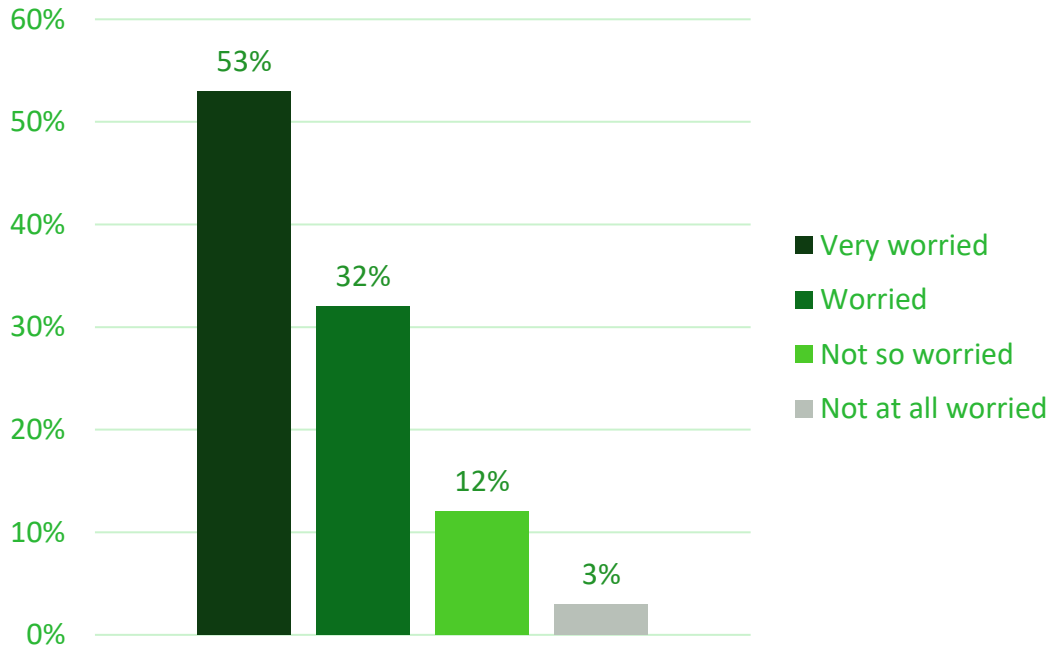


Future Costs & Benefit Administration Burdens

More than eight in 10 worry they will no longer be able to afford group health benefits within three years

- 53% of those currently offering traditional group health coverage are "very worried" they will no longer be able to afford it within three years.
- 32% are "worried" about the same thing.
- Just 15% express little to no worry about being priced out.

How worried are you that the cost of group health coverage may become so expensive in the next three years that you can no longer afford it?



Administering a group health plan is also a burden for most

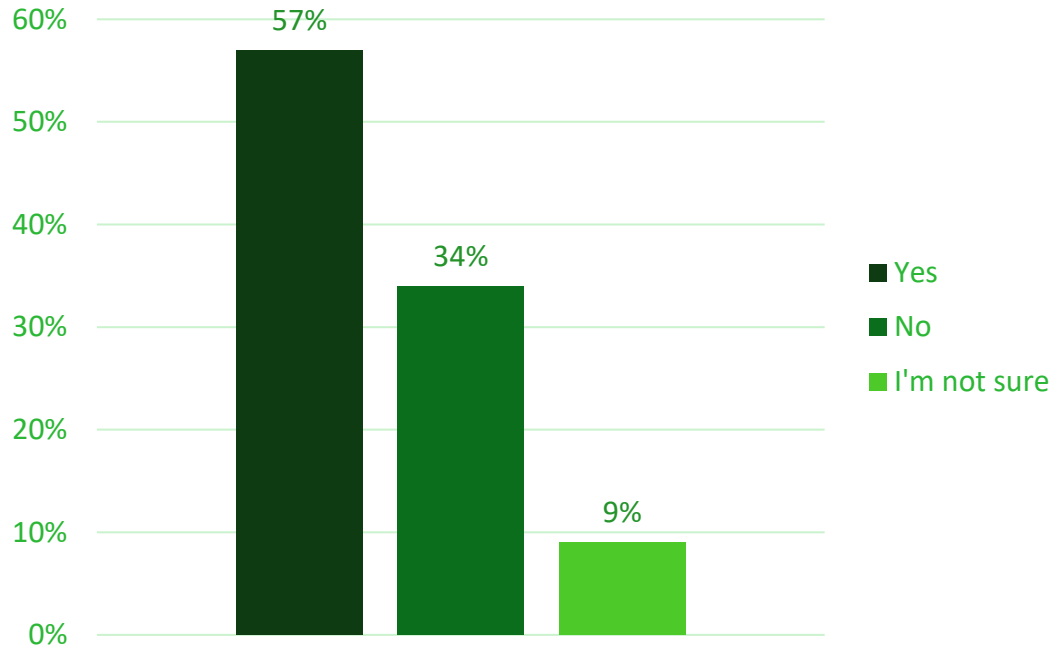
- 41% of those offering traditional group health benefits say managing their coverage is a "huge burden"
- An additional 38% describe it as a "burden."
- 18% say it's "not much of a burden."
- 3% say it's "no burden at all."

Growing Familiarity with CHOICE (ICHRA*)

Familiarity with CHOICE Arrangements (ICHRA*) has increased notably since last year

- 57% of small- to mid-sized employers say they are familiar with Custom Health Option and Individual Care Expense (CHOICE) Arrangements, compared to 46% in 2025.
- 43% are unfamiliar with CHOICE Arragements, or aren't sure, compared to 54% last year.

Are you familiar with ICHRA? ICHRA allows employers to offer employees tax-advantaged financial help to buy coverage on their own*.



Many frustrated by higher premiums are actively exploring alternatives like CHOICE

- Among small- to mid-sized employers currently offering group health coverage, 58% say they are considering moving to alternative forms of coverage such as level-funded plans, self-insured plans, or CHOICE Arrangements.

**As of September 3, 2026, the Centers for Medicare and Medicare Services is now referring to ICHRA (Individual Coverage Health Reimbursement Arrangements) as CHOICE Arrangements.*

Methodology

Survey data provided in this report are drawn from nationwide, census-balanced surveys of more than 500 owners and managers of small- to mid-sized businesses (up to 500 employees), with respondents drawn from the general population. The survey was conducted through SurveyMonkey, a third-party survey vendor, between August 24 and 28, 2026. The overall margin of error is +/-4%.

Throughout this report, all values have been rounded to the nearest full percentage point; in some cases, totals may add to slightly more or less than 100% due to rounding.

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