

Manufacturing Industry Data Report for HRAs

How HRAs are helping manufacturers
attract talent, reduce turnover, and control
costs in a competitive labor market

A Smarter Way to Compete for Skilled Workers

Manufacturers are facing a critical labor shortage and falling behind industries that offer flexible hours, remote work, and better health benefits. But traditional group health plans weren't designed for today's manufacturing teams.

Traditional coverage is expensive, rigid, and hard to maintain for manufacturers with part-time, seasonal, or variable-hour employees who may not qualify or can't afford to enroll. And with limited plans and strict participation requirements, group coverage often fails to meet the diverse needs of modern manufacturing teams across age groups, job types, unions, and family sizes.

On top of that, ongoing tariffs and trade uncertainty are driving up the cost of raw materials and components. This financial pressure is making it even harder to sustain traditional group health plans.

Whether you're offering health benefits for the first time or breaking away from costly group renewals, Health Reimbursement Arrangements (HRAs) are a better path forward. They let you give employees the freedom to choose the right coverage for their needs, which leads to easier hiring, happier workers, and better retention without blowing your tight margins.

Here's how HRAs are transforming health benefits for manufacturers of all sizes.



**In 2024,
54% of Take
Command's
manufacturing
clients offered
health benefits
for the first
time. This shows
just how easy
we make it to
meet employee
needs.**

Why an HRA Could Be the Right Move for Your Industry

An HRA is a modern alternative to traditional group health insurance. It allows employers to set a monthly, tax-free allowance for health benefits that employees can then use to pay for their health insurance and medical bills. They get reimbursed up to the allowance amount once they provide proof of expenses to your HRA administrator. It's flexible, cost-controlled, and tailored to today's workforce needs.

Today, manufacturing leads the trend in HRA adoption — which means that, in order to stay competitive, all manufacturers should know how HRAs are being used to recruit and retain in one of the tightest labor markets in decades.

Here's why this model is a game-changer for manufacturers.



Built for a Diverse Workforce

Manufacturing teams span various shifts, job types, states, rating areas, and employment statuses, ranging from hourly machine operators to salaried engineers and seasonal workers. HRAs let employers structure benefits for different employee types based on these criteria without increasing administrative burden.

Our 2024 data shows that manufacturing companies using HRAs created up to **7 unique employee classes** to match benefits with workforce structure. This means workers get coverage tailored to their needs on the production floor, in the office, or across multiple shifts.



More Choices to Satisfy Employees

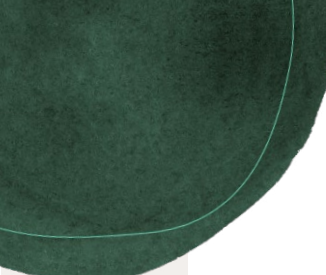
Manufacturing teams also appreciate the flexibility of HRAs, as they don't have to settle for one or two cookie-cutter plan options.

On Take Command's platform, employees in the manufacturing sector selected **667 unique health plans** in 2024. That means more choices yielded better matches for unique healthcare needs across age groups, family sizes, and locations.



Predictable Costs for Margin-Sensitive Budgets

HRAs give you greater control over your budget, allowing you to set a defined contribution without worrying about rate hikes or minimum participation thresholds.



For manufacturing in 2024, the average monthly reimbursement cost was **\$1,583** for families and **\$543** for individuals, much lower than typical group plan premiums. And if employees don't use their full allowance, the unused amount stays with you.



Better Value for Workers

Take Command's manufacturing clients also reimbursed **over \$160,000** in medical expenses in 2024, helping employees offset the rising cost of care and increasing the real-world value of their benefits package.

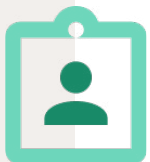


High-Quality Plans

One of the most persistent myths about HRAs is that they drive employees toward the cheapest, lowest-coverage options like high-deductible, bottom-tier plans. However, real-world data from our manufacturing clients tells a different story.

When employees have options, they'll make choices that best suit their healthcare needs. In 2024, employees across our manufacturing clients enrolled in a variety of plan types, with:

- **41%** selecting gold-tier plans (with lower deductibles and higher coverage levels),
- **28%** opting for expanded bronze plans,
- **25%** choosing balanced silver plans, and
- **Only 3%** selecting high-deductible bronze plans.



Strong Employer Satisfaction

HRAs aren't experimental. They're working. In 2024, Take Command's manufacturing **clients renewed at a rate of 86%**, showing strong satisfaction and long-term viability.



Recruiting Advantage

With an aging workforce **averaging 45 years old** and a shortage of skilled labor, customizable benefits are one of the most effective ways to stand out to job seekers.

HRA participation helps manufacturers recruit more competitively, especially in roles that don't traditionally receive benefits.



83%

retention rate for
QSEHRAs in 2024

38%

of manufacturing
employees
selected plans with
deductibles under
\$2,850

Only 9%

chose plans with
deductibles above
\$8,550

Why Small to Mid-Size Manufacturers Are Adopting HRAs

HRAs are growing in popularity among smaller manufacturing employers; approximately **68% of manufacturers** using Take Command HRAs in 2024 had **fewer than 10 employees**. For these lean teams, group health insurance is often too costly or complex to manage.

HRAs offer an affordable, low-maintenance way to finally provide benefits. They're ideal for those:

- ✓ Offering benefits for the first time
- ✓ Competing with larger employers for skilled workers
- ✓ Avoiding participation minimums and contribution complexity

Why Large Manufacturers Are Also Switching

For companies with **more than 10 employees**, HRAs offer a strategic exit from group plans plagued by annual rate hikes and rigid participation requirements.

They're great for those:

- ✓ Ensuring ACA compliance
- ✓ Recruiting in a tight labor market
- ✓ Dealing with low participation in group plans due to shift variability or location

Operational and Cultural HRA Benefits for Manufacturers

Beyond flexibility and cost control, the operational and cultural benefits of HRAs can help manufacturers retain talent and achieve long-term stability:



Supports long-term workforce planning

Instead of constantly reacting to annual renewal spikes, HRAs allow employers to set sustainable benefit budgets that scale with hiring goals.



Boosts employee ownership of health decisions

Employees are more engaged and confident in their benefits when they choose their plan, which leads to better satisfaction and fewer HR headaches.



Simplifies transitions during turnover

When an employee leaves, you're not stuck covering unused premiums. With HRAs, reimbursement ends when employment ends — no COBRA chaos.



Reduces administrative time and vendor complexity

With Take Command, you eliminate multiple carrier contracts, renewal negotiations, and paperwork. This is especially helpful for lean or outsourced HR teams.



Reduces risk from high-cost claims

Because each employee purchases their own coverage, the company is no longer financially exposed to high medical claims that can increase group plan premiums.



Keeps your budget insulated from employee health fluctuations

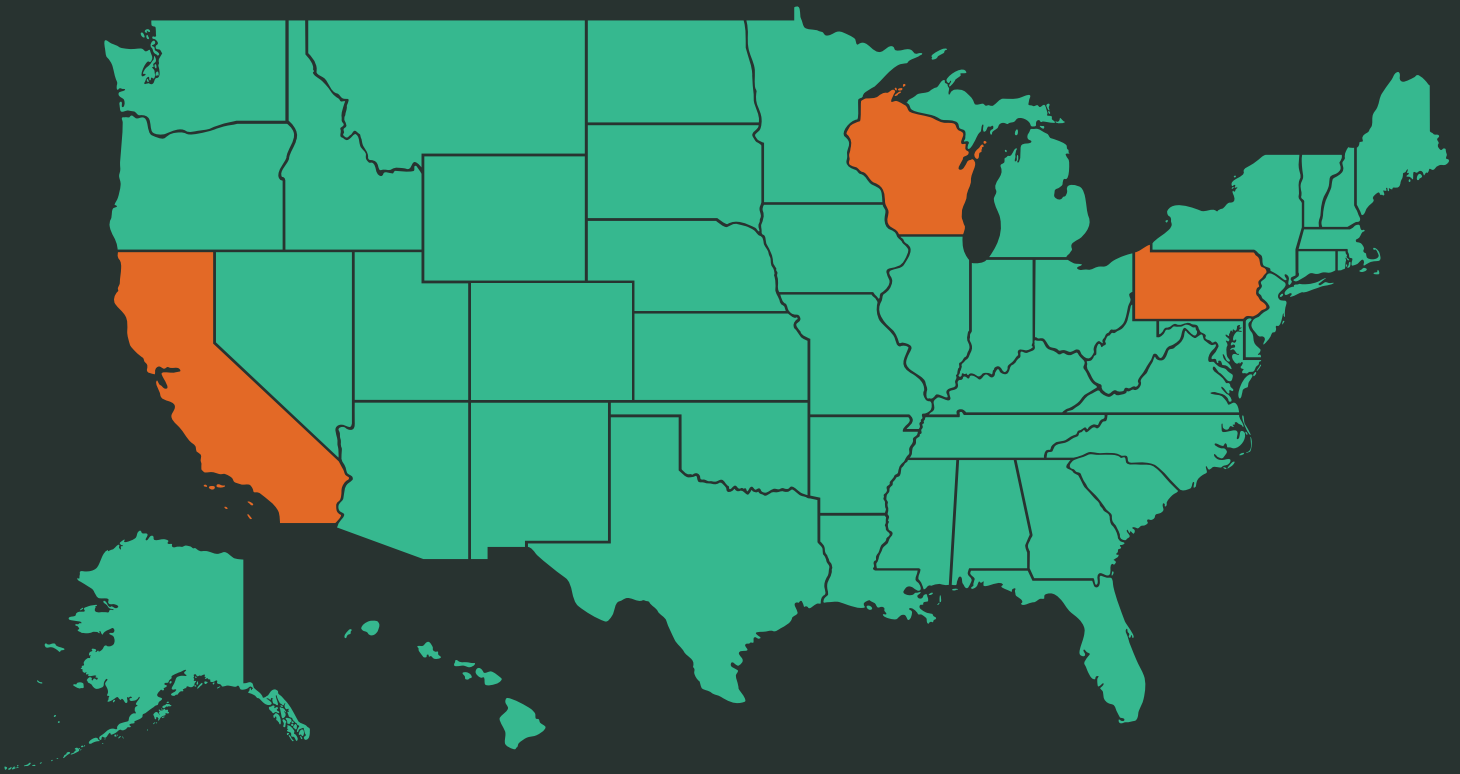
Employees who use more coverage won't increase costs for others. Every employee gets the same defined benefit without driving up costs for the team.

Where HRA Momentum Is Building

Geographic Growth Highlights

HRAs are quickly gaining traction in the manufacturing industry, with the fastest growth happening in **Pennsylvania, California, and Wisconsin**. These states invest in the highest level of coverage and saw the most significant year-over-year increases in HRA adoption, driven by manufacturers looking for flexible, cost-controlled benefits that scale across varied workforces and multi-site operations.

This surge indicates a broader shift away from rigid group plans and toward more modern, scalable solutions that meet the demands of today's manufacturing labor market.



High-Growth Manufacturing Sectors

HRA momentum is especially strong in sectors where skilled labor shortages and high-tech demands converge. Businesses like these often employ engineers, field techs, and tradespeople across multiple job types and regions, which makes it essential to provide flexible, individualized benefits:



Precision Fabrication & Metalworking: Companies in this sector are adopting HRAs to provide tailored benefits that accommodate diverse roles and shift patterns.



Food & Beverage Processing: With a mix of full-time and seasonal workers, HRAs provide the flexibility needed to manage fluctuating workforce demands.



Industrial Equipment Manufacturing: Firms are using HRAs to control costs and offer competitive benefits amid rising healthcare expenses.

Organizational Profiles Driving Adoption

HRAs are also gaining popularity across specific organizational types:



Multi-State Operations: Manufacturers with facilities across various states are turning to HRAs to navigate differing regional insurance markets and regulations efficiently.



Unionized Workforces: HRAs offer customizable benefits that can align with union agreements, providing a middle ground between employer offerings and employee expectations.



Companies Expanding Into New Markets: HRAs allow these companies to offer consistent, portable benefits across locations, support hybrid or remote administrative roles, and remain agile in shifting labor conditions.

With increased manufacturing adoption, HRAs are becoming a core part of modern workforce benefits strategies across sectors.



Why Manufacturers Are Choosing Take Command

A Platform Built for Manufacturing Needs

Take Command's HRA platform is designed to meet the unique demands of modern manufacturing. We help businesses of all sizes offer tax-advantaged health benefits that are personalized, cost-controlled, and easy to administer. Whether you have seasonal workers, multi-state teams, or union considerations, we simplify the complexity.

Here's what sets us apart:

- **Software that handles everything from compliance to reimbursement** and reduces administrative burden
- **No unpredictable renewals or expensive premiums** to keep you in control of your budget
- **Personalized ICHRA and QSEHRA plan options**, tailored to the needs of full-time, part-time, union, and seasonal staff
- **Smooth onboarding**, with guided support, education, and carrier plan selection help

Why Manufacturers Stick With Us

- Launch an HRA in minutes, not months
- Spend less than an hour a month managing HRA benefits
- Transparent pricing and predictable budgeting
- Ongoing support from licensed experts

Take Command is built to help you move fast, stay compliant, and keep your team covered.

Frequently Asked Questions

How much do HRAs cost compared to group insurance?

Group insurance costs around \$22,000 per year (or \$1,833 per month) on average for family coverage. Meanwhile, on average, Take Command clients in the manufacturing sector only reimburse \$19,000 per year (\$1,583 per month) for families. Due to how these two models are structured, **HRAs cost 20% to 30% less** than group plans.

How hard is it to manage an HRA?

It's easy with Take Command! Our ICHRA administration platform makes setup and management easy and stress-free. Employers can launch an ICHRA in minutes, and **84% of our clients** spend **less than an hour per month** managing their HRA!

That's because we handle everything from legal plan documents and employee communications to claims tracking, compliance monitoring, and tax reporting. Our onboarding specialists help you choose individual health plans and submit reimbursements, so you don't have to be the middleman.

It's a hands-off experience backed by expert support and built-in automation.

Can HRAs work for part-time or seasonal employees?

Yes! HRAs don't require strict participation rates. They're perfect for hard-to-cover roles, including part-time, hourly, or temp workers. HRAs give workers access to affordable coverage without inflating costs or bogging you down with group plan rules.

Can we offer different benefits for different locations or union vs. non-union staff?

Yes. You can define benefit classes by region or role and stay compliant. HRAs are especially effective for multi-site operations with plants or locations in different states.

Will employees actually use their HRA benefit?

Yes! As we've demonstrated above, satisfaction and participation tend to go up when employees can pick their plans.

How fast can we switch?

With Take Command, your manufacturing business can design and launch an HRA in just minutes, with most companies able to fully switch and go live within a few weeks.

Case Study: Machine Build Technologies (MBT)

Machine Build Technologies, a Colorado-based metal manufacturer with 120 employees, needed a more flexible, affordable way to offer benefits across a diverse workforce, including welders, engineers, and office staff.

Facing rising costs and a group plan that couldn't meet every employee's needs, MBT turned to an ICHRA.

ICHRA Highlights

- **34.5%** group plan renewal avoided
- Coverage flexibility across roles and locations
- Predictable budgeting with fixed monthly allowances

Challenges

- One-size-fits-all group plan couldn't meet the needs of a varied workforce
- A 34.5% premium hike threatened affordability for both employer and staff
- Previous HRA vendor lacked employee support and ease of use

Solution

Take Command provided MBT with a user-friendly ICHRA platform that improved employee choice, streamlined support, and stabilized costs across the organization.



Case Study: Union Orthotics & Prosthetics

Union Orthotics & Prosthetics, a 100-year-old Pennsylvania-based company with 20 locations, faced a 40% group plan renewal hike and increasing employee dissatisfaction with their limited health insurance options.

By switching to an ICHRA, they delivered personalized coverage, stabilized costs, and gave employees more control over their healthcare.

ICHRA Highlights

- Avoided a **40%** premium increase
- **100%** of most silver plan premiums covered by employer reimbursements
- **60%** of employees chose gold-tier plans, 40% chose silver

Challenges

- Unsustainable 40% increase to group plan renewal
- One-size-fits-all HDHP failed to meet employee needs
- Lack of plan choice left employees frustrated

Solution

With Take Command's ICHRA platform, Union gave employees access to 11 plan options across multiple networks, improving satisfaction, minimizing payroll contributions, and achieving predictable annual benefits spending.



HRAs Help Manufacturers Compete Smarter

You can't afford outdated benefits in a labor market marked by rising costs, high turnover, and growing competition for skilled workers.

HRAs give you back control. They let you offer flexible, affordable health benefits that scale with your workforce and fit within a margin-sensitive budget, whether you're hiring your first team or running a multi-state operation.

Ready to keep great employees, offer real coverage, and stop playing defense with your benefits strategy? Take Command is here to help you ditch the rigid plans and offer health benefits that work for your team — and your bottom line.

