UNIVERSAL BENEFIT PLANS

Case Study

How a Boston Nonprofit Is Projected to Save More Than $700,000 in Three Years by Replacing Traditional Group Health Insurance

East Boston Social Center (EBSC)
3 YEAR ICHRA CASE STUDY,
Boston, Massachusetts

Executive Summary

Like many nonprofit organizations, East Boston Social Center faced the difficult reality of rising health insurance costs, limited employee choice, and unpredictable annual premium increases.

After receiving a 29.07% renewal increase on its traditional group health plan in 2024, the organization explored an alternative approach.

Rather than continuing with the traditional group insurance model, EBSC implemented an Individual Coverage Health Reimbursement Arrangement (ICHRA) beginning in 2024.

The results have exceeded expectations.

Using a conservative projected annual group renewal increase of 15%, East Boston Social Center is projected to spend more than $700,000 less over three years while providing employees with greater flexibility and more personalized health insurance choices.

The Challenge

East Boston Social Center was experiencing many of the same issues affecting nonprofit employers across Massachusetts.

- Annual premium increases that exceeded budget expectations
- Limited flexibility under a one-size-fits-all group health plan
- Low employee participation
- High claims experience
- Additional 4% premium penalty increases because the organization funded approximately 90% of three employer-sponsored HRAs

Although the organization had already selected one of the lowest-cost group plans available, premiums continued to climb.

Employees also had no flexibility because everyone was enrolled in the same health plan regardless of their personal healthcare needs.

The Solution

Universal Benefit Plans recommended transitioning to an Individual Coverage Health Reimbursement Arrangement (ICHRA).

Instead of purchasing one expensive group insurance policy, the organization established a defined monthly reimbursement budget for employees.

Employees now choose the individual health plan that best fits their personal needs based on:

Preferred doctors and hospital systems

Monthly premium

Deductible level

Carrier

Family situation

Prescription needs

Older employees also gained the flexibility to coordinate Medicare coverage when appropriate.

This strategy shifted the organization from unpredictable premium increases to a controlled, budget-driven approach.

Financial Results

If EBSC Had Remained on Its Group Health Plan

The table below projects employer costs assuming a conservative 15% annual renewal increase, which is consistent with many recent employer health plan renewals.

Projected Employer Cost

Year	Projected Employer Cost
2024	$572,845
2025	$658,772
2026	$757,588
Three-Year Total	**$1,989,205**

Actual Employer Costs Under ICHRA

Year	Actual Employer Cost
2024	$331,740
2025	$431,672
2026	$522,497
Three-Year Total	**$1,285,909**

Projected Three-Year Employer Savings

Projected Group Health Cost	$1,989,205
Actual ICHRA Cost	$1,285,909
Projected Savings	**$703,296**

Over three years, East Boston Social Center is projected to spend approximately 35% less on employer health benefits than it would have under a traditional group health plan.

Employees Benefited Too

The transition wasn't just about reducing employer costs. Employees gained meaningful improvements in their health benefits experience.

Graphic Example below

Before ICHRA	After ICHRA
One carrier	Multiple carrier options
One health plan	Numerous plan options
Employer chooses coverage	Employees choose their own coverage.
Paternalistic	Consumer directed-employee choice
No choice/No flexibility	30+ plan options
25+ % renewal increases	Predictable single digit increases (3%-7%)
No Medicare coordination	Medicare premiums reimbursed through ICHRA
Fixed employee premiums	Lower monthly premiums for many employees

Examples of employee monthly contributions in 2026:

Coverage	Traditional Group	ICHRA
Individual	$199.56	$92.50
Family	$577.35	$261.80

Many employees selected plans with lower premiums, different provider networks, or richer benefits based on their own healthcare needs.

Instead of forcing everyone into the same health plan, employees gained the freedom to choose the coverage that worked best for them.

Why This Strategy Worked

The success wasn't simply because of ICHRA.

It was because East Boston Social Center fundamentally changed how it funded health benefits.

Instead of purchasing one increasingly expensive insurance policy every year, the organization established a predictable healthcare budget while allowing employees to shop for coverage in the individual market.

The result was greater financial control for the employer and greater flexibility for employees.

Key Results

Projected employer savings of more than $700,000 over three years

Approximately 35% lower employer health benefit costs

Predictable annual healthcare budgeting

Greater employee choice and flexibility

Access to multiple carriers and plan designs

Lower monthly premiums for many employees

"We want to maximize compensation for our hard-working staff who serve our community. Significant increases in health care costs in recent years have placed a major strain on our ability to make the investments we want to make in staff compensation. Securing health care benefits through ICHRA has helped us navigate these challenges and dedicate more of our funding to supporting our staff and our community, while also providing our staff with better health care options at lower out-of-pocket cost."

Justin Pasquariello
Chief Executive Officer
www.ebsocialcenters.org

East Boston Social Centers