Case Study

UNIVERSAL BENEFIT PLANS

Why a Boston-Based Non-Profit Replaced Their Group Health Plan with ICHRA

Number of Employees: 94 (64 enrolled in health plan)

Plan Year Reviewed: 10/1/2022 – 9/30/2023

Previous Health Plan: Allways Health Partners – Bronze HMO with $3,000/$6,000 deductible and 20% coinsurance

Challenge

A 27.74% Rate Increase and a Flawed "One-Size-Fits-All" Plan

This Group faced a 27.74% premium increase for the upcoming year due to:

- A high concentration of older employees
- Experience-based rating due to group size
- Inability to transition employees aged 65+ to Medicare under the current plan constraints

Cost Impact of Renewal 2023

Coverage Type	Monthly Premium	EE Share (25%)	ER Share (75%)
Individual	$1,250.78	$312.70	$938.08
Family	$3,277.07	$819.27	$2,457.80

Why the Group Plan Wasn't Working

- Already on the lowest-cost AHP plan (Bronze), which was "upgraded" to Gold using an HRA.
- Disproportionately high premiums for "Individual+1" members. They paid the family rate.
- Coinsurance model left higher utilizers exposed to substantial out-of-pocket costs.
- Plan design did not reflect employees' diverse health needs or budget constraints.

The Solution

Implementing an ICHRA Strategy

We recommended transitioning to an Individual Coverage Health Reimbursement Arrangement (ICHRA) starting in October 1, 2022.

Key Benefits of ICHRA for This group:

Cost Predictability:
Defined monthly reimbursement limits set by the employer.

Customizable Contributions:
A 1:3 age-based reimbursement ratio (e.g., $200/Mo for a 21-year-old, up to $600/Mo for a 64-year-old).

Choice & Flexibility:
Employees choose their own individual plans

Medicare Coordination:
Older employees can now opt for Medicare and supplemental plans, reducing group plan pressure.

3-Year Journey

3-Year Rate Stability Impact

Exceptional Rate Stability and Further Savings

One of the most significant benefits of the ICHRA model for employees was the rate stability it provided:

These figures illustrate how the ICHRA strategy essentially “froze” the rates for employees, giving them the flexibility to choose plans that fit their needs and budget, while significantly reducing their overall costs.

Total Savings **$293,282/year**

- 2025 Enrolled Employees: 98 employees
- Employees Paying $0 Premium: 56 employees (38 individual, 18 family)
- This zero premium was a result of employees choosing lower-cost plans with narrower networks and deductibles, further reducing their out-of-pocket costs.
- For single employees: Not a single one paid more than $262.69/month. In fact, many employees who opted for different plans saw even greater savings compared to the previous group plan.
- For families: Of the 6 enrolled families, only 1 family paid $742.36/month—a stark contrast to the premiums they would have faced under the previous group plan, which was much higher.

Key Takeaways

Cost Reduction:
ICHRA offers significant savings compared to traditional group health insurance.

Employee Empowerment:
Employees benefit from more plan options, including the ability to choose plans based on age, needs, and budget.

Sustained Savings:
With ICHRA, the organization has a stable and predictable health insurance cost structure that will continue to provide financial relief for years to come.

ICHRA allowed Ethos to break free from a rigid group health plan that was no longer serving the needs—or budget—of the organization. With better control over costs and a wider range of options for employees, Ethos is now a model for other nonprofits looking to modernize their health benefits.