

ATION

2024

ICHRA: Health Benefits for the Nonprofit Sector

Group insurance reimaged for every employee.

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Introduction

Nonprofits provide a wide range of services and support to advocate for important causes, strengthen communities, navigate emergencies, and keep people healthy and safe.

The nonprofit sector is an absolutely essential—yet sometimes misunderstood—segment of the global workforce and a major employer here in the U.S.

Some may assume that the approximately 1.5 million nonprofits in the U.S.¹ largely operate on volunteerism alone, but that's simply not the case. In truth, nonprofits make up the third-largest workforce in the U.S., behind only retail and manufacturing.² That's a lot of nonprofits and a lot of workers who rely on their employers to provide critical benefits.

Anyone who has worked in the nonprofit space knows what a constant state of push-and-pull it is: balancing growing demand for services with uncertainty in funding and resourcing. This is why benefits—and specifically health insurance—can be such a challenging area for nonprofits to navigate.

In this guide, we'll provide useful statistics and information so that nonprofit employers can understand their options and make the best possible decisions for their organization's health coverage.

We'll break down the Individual Coverage Health Reimbursement Arrangement (ICHRA) model, which allows employers of any size to contribute tax-free dollars to their workers to obtain the health plan of their choice on the individual market.

Read on to discover if SureCo's innovative ICHRA Solution is the right choice for your nonprofit's needs.



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The State of Employee Benefits in the Nonprofit Sector

As of October 2023, the U.S. Bureau of Labor Statistics reports the size of the total U.S. labor force to be approximately 167.7 million people.³ Within that population, as of 2022, nonprofits employed roughly 11.6 million people, an increase of 3.2 million since 2016.⁴



A Costly Workforce Shortage

Even with a sizable workforce nationwide, the nonprofit sector today is in the midst of a widespread talent shortage.

The National Council of Nonprofits highlights this urgent issue in a 2023 report, which explains that “nonprofits are still enduring a shortage of employees and, as a natural consequence, the public continues to suffer because fewer employees mean reduced capacity, longer waiting lists for services, reduced amounts and types of services provided, and sometimes a complete end of needed services.”⁵

As just one example, with a squeeze on capacity and services, nearly three in 10 (28.1%) of nonprofits report having longer wait lists for their services compared with pre-pandemic levels.⁶

74.6%

of nonprofits across all 50 states report having job vacancies today⁷

51.7%

of nonprofits report more job vacancies compared to pre-pandemic levels⁸

57%

of foundations and grantmaking organizations report staff departures in 2023⁹

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Budgets vs. Benefits?

Finding and retaining employees are essential for nonprofit organizations today, but it can be a costly endeavor for those that are already grappling with an unsteady economy that's prompting changes in fundraising and donations.

Many nonprofit employers are looking at compensation and benefits as a way to combat the sector's talent crisis.

66%

of nonprofits reported increasing salaries this year¹⁰

6%

is the average 2023 salary increase at nonprofits¹¹

40.9%

of nonprofits are providing more benefits to employees in an effort to retain workers¹²

But many nonprofits face growing budgetary barriers.

70.5%

of nonprofits expect charitable giving to remain flat or decrease in 2023¹³

68.7%

of nonprofits expect the number of donors overall to decrease or remain unchanged this year¹⁴

66.3%

of nonprofits say budget constraints and/or insufficient funds stand in their way of recruiting and retaining employees¹⁵



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Navigating Health Coverage Costs

Like any other employer in the U.S., nonprofits with more than 50 full-time employees are required to offer affordable, minimum essential coverage by the Affordable Care Act's Employer Mandate. But every year, it seems to become more difficult to comply.

Across all sectors, the average annual premiums for both single and family coverage increased 7% in 2023.¹⁶ When we look specifically at the not-for-profit sector, the average premiums in 2023 were \$9,023 for single coverage and \$25,020 for family coverage.¹⁷

The truth is that premiums tend to be more expensive for nonprofits than they are for private for-profit or public companies. And with sources estimating that employee health benefit costs will rise between 5.4%¹⁸ and 6%¹⁹ in 2024, health coverage for traditional group plans threatens to stretch nonprofits' budgets even thinner.

Average yearly premiums for single coverage in 2023²⁰

Private For-Profit:	\$8,078
Public:	\$8,771
Not-for-Profit:	\$9,023

Average yearly premiums for family coverage in 2023²¹

Private For-Profit:	\$23,582
Public:	\$23,709
Not-for-Profit:	\$25,020

What can nonprofits do to win the battles of talent shortages vs. needs and budgets vs. benefits?

An Individual Coverage Health Reimbursement Arrangement (ICHRA) could be the solution.

ICHRA 101 Guide

Learn how organizations of any size can contribute tax-free dollars to employees' individual health plans.

Download Now

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A New Solution for Nonprofits:

An Individual Coverage Health Reimbursement Arrangement (ICHRA)

Individual Coverage Health Reimbursement Arrangements (ICHRA) give nonprofits a new way to offer attractive health insurance, so that they can retain quality workers and provide the customizable benefits top talent expects. For budget-conscious nonprofits, an ICHRA can provide cost containment in the face of rising premiums while ensuring built-in ACA compliance.

What Is an ICHRA?

An ICHRA is an alternative to traditional group health insurance. It allows nonprofits of any size to contribute tax-free dollars to their employees for the health plan of their choice on the individual market. Employees choose the coverage that works best for their needs, location, and budget (after employer contributions). In turn, your organization controls costs by eliminating claims risk.

An ICHRA with SureCo provides cost containment, built-in compliance, administrative support, and increased employee satisfaction.

ICHRA vs Traditional Group

Employee Plan Ownership

Health Expense Reimbursement

Coverage of Pre-Existing Conditions

Coverage Continuation After a Job Loss or Change

Simplified ACA & COBRA Compliance

Tax Advantage Premiums

Broker-Endorsed

ICHRA



Traditional



Limited



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How an ICHRA Benefits Nonprofit Employees

More Choice. Lower Prices. Continuity.

By allowing employees the freedom to choose the plan that best matches their needs from the individual market, nonprofits can ensure their workers are getting the right coverage, in the right location, at the right price. Workers can keep the doctors they love and select a plan that covers their specific medical concerns in any given year.

ICHRA's are also portable, meaning an employee owns their plan and can take it with them if they decide to leave a job. This spares them the complexity of having to change plans and ensures continuity of both coverage and care.

How an ICHRA Benefits Nonprofit Employers

Cost Effectiveness. Risk Reduction. Simplified Administration.

Forget negotiating renewal rates, dealing with claims risk, and worrying about participation minimums. With an ICHRA, the burdens that come with traditional group insurance are gone. There are no mandatory participation minimums, so companies don't have to worry about meeting a certain threshold in order to qualify. Furthermore, because ICHRA plans are portable, the need for COBRA is virtually eliminated, which greatly reduces the off-boarding administrative burden for HR professionals.

Enrolling a large group of employees in individual plans may seem complicated, but with the right administration partner, it doesn't have to be. SureCo's streamlined Enrollment Platform helps HR teams complete benefits administration in a fraction of the time they used to spend on traditional group enrollment. And a white-glove Employee Experience team ensures all employees' questions will be answered.

ICHRA in Action:

RFK Community Alliance

RFK Community Alliance is a nonprofit human services agency based in Lancaster, Massachusetts. With 400+ employees, the organization offers day and residential programming for youth and adults with developmental, learning, behavioral and other challenges, as well as mental health and other services for children and families.

Switching to an ICHRA with SureCo allowed RFK Community Alliance to contain health coverage costs while increasing employee satisfaction. With SureCo, RFK Community Alliance has been able to save 29% on premiums, which amounts to more than \$1.4M annually.

The move benefits employees, too. Over 93% of the 245 employees SureCo onboarded onto its Enrollment Platform saw a savings on their healthcare premiums, with many choosing identical plans to the ones they had pre-ICHRA.

“Moving to an ICHRA with SureCo has been terrific for everyone involved. It eliminated the significant cost increases we would have faced, increased plan options, and ensured continued quality healthcare coverage.”

—Michael W. Ames, President and CEO, RFK Community Alliance

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Is an ICHRA right for your nonprofit?

Curious about how an ICHRA could help your nonprofit to save money on premiums, reduce risk, and support employee retention?

Our team is here to help.

Talk to SureCo

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Why SureCo?

At SureCo, we're reimagining the traditional group benefits experience. We believe that custom health coverage ensures better healthcare—and that shouldn't come at a higher price tag for anyone.

That's why we lobbied for regulatory changes that allow employers to tap into the individual market. Then, we created a refreshingly simple Enrollment Platform that makes it easy for employees to find coverage that meets their specific needs from major carriers in their area. The new paradigm eliminates claims risk for employers, but our platform gives them the same pre-tax contribution model they're used to. Through seamless integrations with HRIS systems, we ensure compliance, provide reporting, and relieve administrative burden.

SureCo has been at the forefront of the innovative ICHRA from the very beginning—and continues to prove the value of this alternative to traditional health coverage.

- SureCo lobbied for the regulatory changes that allowed employers of all sizes to offer ICHRAs in 2020.
- The U.S. Departments of Treasury, Labor and Health and Human Services estimate 800,000 employers will offer an ICHRA by the end of the year 2025, insuring 11 million individuals.
- SureCo's ICHRA Solution saves companies an average of 22% on premiums.

And we're just getting started...

So, let's build your health benefits success story.

Connect with a SureCo benefits expert to see how an ICHRA could work for your workforce.

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