

ICHRA: The Solution to Group Health Insurance for the Healthcare Industry



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Introduction

The importance of our **nation's healthcare workers** cannot be overstated. You and your team work long hours and spend sleepless nights treating illness and injury, bringing life into the world, and stopping the spread of disease. But in the wake of COVID-19, healthcare is experiencing unprecedented issues, from difficulty filling roles as a generation of employees retires to severe employee burnout that's driving nearly half of the workforce to consider leaving their jobs.

To remain competitive and provide staff with the support they need to stay healthy and feel valued, it's critical to offer comprehensive and affordable health insurance options. But in the face of mounting premium costs and expenses exacerbated by inflation, that's becoming increasingly difficult.

In this guide, we take a deep dive into the current state of health benefits in the healthcare industry. Then, we explain how **SureCo's innovative ICHRA Solution** provides a much-needed benefits alternative that allows healthcare employers like you to provide the coverage that meets your staff's needs while containing costs.



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The 2023 State of Employee Benefits in Healthcare

The current state of the U.S. healthcare industry is turbulent. Post-pandemic, the demand for most (but not all) healthcare jobs has held steady, despite the cooling labor market, but wage growth has declined for nearly every category of healthcare worker¹. And with the industry short tens of thousands of workers across a variety of roles, healthcare employers must start viewing high-quality benefits offerings as non-negotiable in order to attract desperately needed talent.

Industry Size

16.8
million

As of 2023, 16.8 million people are employed in the healthcare industry, according to the Bureau of Labor Statistics². It's one of the few industries that continues to grow in the post-pandemic market downturn.

Severe Staffing Shortages

124k

The U.S. could see a shortage of between 37,800 and 124,000 physicians by 2034³. As of Q4 2023, the country is short 17,000 primary care practitioners, 12,000 dental health practitioners, and 8,300 mental health professionals⁴.

Healthcare Expenditure Increases Outpacing Economic Growth

7.2%

As of July 2023, national healthcare expenditures increased by 7.2% YoY, exceeding the GDP growth rate for the sixth consecutive month⁵. This underscores the need for healthcare employers to offer affordable health plans that reduce costs for employees and can help attract new talent.



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40%

About 40% of healthcare workers are considering leaving their jobs, according to a recent report by Qualtrics. And in a comparison with 27 other industries, healthcare ranked last in employee satisfaction⁶.

Major Increase in Cost of Employer-Sponsored Plan Premiums

41%

Since 2012, premiums have increased 41% for single coverage, while worker contributions have increased 37%²³.

High Percentage of Uninsured Employees

13.9%

Healthcare has one of the highest percentages of uninsured workers of any industry, with 13.9% of professionals/managers and 8.3% of non-managers lacking coverage. The only industries with more uninsured workers are retail, hospitality, and construction²⁰.

High Eligibility & Participation

77%

healthcare employees eligible for health insurance

76%

participation rate of healthcare employees in employer plan

Seventy-seven percent of healthcare employees are eligible for health insurance, and 76% of those eligible participate in their employer's plan²¹. The expense of providing traditional group plans to such a high number of employees is rapidly becoming untenable.

Employee Share of Healthcare Costs Likely to Rise

49%

In order to reduce costs, 49% of healthcare managers are likely to consider increasing the employee share of premium costs. Additionally, 44% will likely consider increasing employee share of out-of-pocket costs²². This will only exacerbate current workforce retention and attraction difficulties.

Spotlight: Nursing

31%

Thirty-one percent of nurses say they may leave their jobs in the next year — and that number has climbed year over year since 2021. It's even higher for inpatient nurses: a whopping 40%⁷.

65%

Sixty-five percent of nurses cited being able to maintain good health as having a major impact on their decision of whether to remain in their position⁹.

100k

In 2021, the RN workforce dropped by 100,000, a significantly higher number than ever observed in the past 40 years. They're leaving the profession entirely, entering new roles, or changing employers⁸.

The Takeaway

Nurses are experiencing unprecedented unhappiness in their roles, which is driving them to abandon the profession. It's more important than ever to provide them with the benefits that will make them feel valued and enable them to prioritize their wellbeing. SureCo's ICHRA Solution can help you do just that.

Talk to a Benefits Expert Today

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The Biggest Benefits Challenges Impacting the Healthcare Industry

The impact of the COVID-19 pandemic on healthcare workers and the industry as a whole has been significant. **But the data makes it clear:** Offering benefits can be a game-changer for recruiting and retaining workers in healthcare. Finding a quality benefits solution that meets both your company's needs and employee expectations, however, isn't always simple.

Challenge 1: High Turnover & Employee Burnout

As previously mentioned, job dissatisfaction is alarmingly high among healthcare workers, which has increased the industry turnover rate. The numbers are especially eye-opening for nurses and hospital staff. While both nursing and hospitals saw a 23% turnover rate in 2022, data also shows that **hospital staff have turned over 105% of their workers in the past five years¹⁰**. Ninety-five percent of those separations were employee resignations¹¹.

The overwhelming workload and stress of the pandemic has been cited widely as being the driver of this turnover. But now executives are feeling it, too. A recent study found that nearly 75% of healthcare executives reported feeling stressed and exhausted during the second half of 2022, causing some to consider career changes¹².

Challenge 2: Difficulty Attracting Talent & Costly Contract Labor

As Baby Boomer healthcare workers retire and younger employees leave the profession entirely, healthcare is facing a labor crisis. The U.S. is projected to face a shortage of more than 200,000 RNs and 50,000 physicians in the next two years¹³. Many hospitals (especially nonprofits) have been forced to turn to staffing agencies for contract labor¹⁴, such as traveling nurses, who are significantly more expensive than in-house nurses. The national average weekly pay rate for a traveling nurse in December 2022 was \$3,173, up from \$1,894 in January 2020¹⁵. And while in-house nurses can make \$65 to \$70 an hour, traveling nurses can make \$225 an hour¹⁶.

Healthcare employers have raised wages and increased recruitment efforts to try and fill their employment gaps and retain existing staff¹⁷, but the pace of inflation has stifled their success.



Challenge 3: Cost Increases & Staff Shortages Impacting Healthcare Access

The lack of staff is causing many healthcare employers to adjust their operations, which is impacting how well they can serve their communities. **Fifty-eight percent of private hospitals have had to adjust their care models, 48% have reduced inpatient capacity, and 43% have reduced operating room capacity**¹⁸.

The issue is glaringly worse in rural areas, which were already underserved pre-pandemic but are even more so today. More than 600 rural hospitals are at risk of closing, and they're increasingly reliant on expensive contract labor. Inflation has exacerbated their costs, especially for drugs and supplies, but they're unwilling to pass the costs onto patients or reduce their number of beds given how much of a lifeline they are for their communities¹⁹.

The Solution: An Individual Coverage Health Reimbursement Arrangement (ICHRA)

Individual Coverage Health Reimbursement Arrangements (ICHRA) offer an appealing way for healthcare companies like yours to offer more attractive health benefits to retain quality workers and provide the customizable benefits today's healthcare employees expect. ICHRAs provide cost containment in the face of rising premiums and ensure built-in ACA compliance.

What Is an ICHRA?

An ICHRA is an alternative to traditional group health insurance. It allows healthcare companies 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's best for their needs, location, and budget (after company contributions). The company controls costs by eliminating claims risk.

ICHRA vs Traditional Group

	ICHRA	Traditional
Employee Plan Ownership	✓	✗
Health Expense Reimbursement	✓	✗
Coverage of Pre-Existing Conditions	✓	✓
Coverage Continuation After a Job Loss or Change	✓	Limited
Simplified ACA & COBRA Compliance	✓	✗
Tax Advantage Premiums	✓	✓
Broker-Endorsed	✓	✓



Benefits of an ICHRA for Healthcare Workers

An ICHRA gives healthcare workers the comprehensive, high-quality health coverage they need to stay healthy and feel like a valued team member. In most cases, they can save money by choosing a plan that suits their individual needs. Employees can keep the doctors they love and select a plan that addresses their specific medical concerns without settling for a plan chosen for them. With healthcare staff struggling with burnout, they'll be happy to know that ICHRA provisions allow for reimbursements for expenses related to mental healthcare to ensure both body and mind are well cared for.

Benefits of an ICHRA for Healthcare Employers

With an ICHRA, the burdens that come with traditional group insurance are gone, and your healthcare costs stabilize. In an industry reeling from the impact of inflation and ever-increasing expenses, an ICHRA can help you save significantly on the costs of premiums while eliminating variable claims and surprise rate hikes.

22%

Family healthcare premiums have increased 20% since 2017, but with an ICHRA with SureCo, companies see average premium savings of 22%.

SureCo's streamlined Enrollment Platform helps your HR team complete benefits administration in a fraction of the time they spend on traditional group enrollment in a high turnover industry. And a white-glove Employee Experience Team ensures all your employees' questions will be answered.

An ICHRA gives your company a competitive edge in attracting and retaining talent, which is crucial given the staff shortages slamming the industry. Healthcare employees are demanding better pay and benefits and a greater sense of being valued — and they're walking away from the industry entirely if they don't receive them. An ICHRA enables you to provide your employees with the health coverage they need to address their individual health concerns and feel prioritized. The savings you'll see in premium costs can be reinvested back into your employees in the form of raises or additional benefits to encourage greater retention and employee satisfaction. Great retention rates will also mean less reliance on costly contract labor as opposed to permanent staff.

The Takeaway

An ICHRA with SureCo provides cost predictability, administrative support, a competitive hiring advantage, and increased employee satisfaction for your healthcare company.

ICHRA Success Story: KR Management

Highlights:

35%

saved on premiums

56

unique plans chosen

300

employees onboarded
in 21 days



KR MANAGEMENT, LLC
compassionate senior care

KR Management is a 1,850 person company that administers senior living communities in Florida. Their hands-on approach ensures the highest quality of care for residents while maintaining fiscal responsibility to owners and investors. After facing a 25% increase in premiums, and realizing their claims loss ratio was over 200%, they needed a solution that would cut costs and ensure continuity of care for their employees with serious health issues.

Switching to an ICHRA with SureCo enabled KR Management's employees to choose the healthcare plans from the individual market that were best for their health needs. KR Management could still reimburse them pre-tax while remaining compliant with the Affordable Care Act (ACA). SureCo's Enrollment Platform integrated with their existing payroll system, and their team was supported throughout the process by SureCo's Migration and Customer Experience teams. KR Management realized annual savings of \$350,000 on premiums.

Facts

Fact 1:

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.

Fact 2:

SureCo lobbied for the regulatory changes that allowed companies of all sizes to offer ICHRAs in 2020.

Fact 3:

SureCo's ICHRA solution saves companies an average of 22% on premiums!

SureCo

Partnering With SureCo

SureCo is helping to democratize access to employee benefit information by sharing the latest data, trends, and priorities in the healthcare industry. Our goal is to empower businesses — in partnership with their broker or benefits consultant — to make effective and efficient decisions about employee health coverage. Together, we can improve the future of administering and managing employee benefits and stay ahead of the curve in this rapidly evolving landscape.

If you're interested in learning more about ICHRAs and our Enrollment Platform, our Benefits Experts would love to chat. Get in touch at www.sureco.com/lets-meet-up.

About SureCo

SureCo is reimagining the traditional group benefits experience. We believe that custom health coverage ensures better healthcare — and that shouldn't come with 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 is the benefits solution that makes everyone happy.

Sources

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