

Community hospital achieves significant cost savings through Defined Contributions offering

Background

- The hospital employs approximately 400 staff members, including doctors, nurses, administrative personnel, and support staff.
- As healthcare costs continued to rise, hospital administrators became **increasingly concerned about the sustainability** of their traditional group health insurance plan.

Challenge

- The hospital administration sought a solution to **maintain a high standard of healthcare for employees** and **reduce the financial burden** on the organization.

Solution

- After extensive research, the hospital transitioned in midyear 2025 from its traditional group health insurance plan to an Individual Coverage Health Reimbursement Arrangement (ICHRAs) offering.
- This change **empowered employees to choose plans that fit their needs** and **enabled the hospital to control costs more effectively**.

Results

Immediate Financial Impact

By switching to ICHRA, the hospital saved more than 60% or approximately \$2 million in annual health insurance premiums. This was a substantial reduction compared to costs under the traditional group plan.

60%+

savings in annual health insurance premiums

Employee Choice

The move also enhanced employee satisfaction by providing more options and flexibility in health insurance choices to fit individual needs.

Sustainable Model

The defined contribution model allowed the hospital to predict costs more accurately and budget accordingly, reducing financial stress and enabling future investment in hospital improvements.

\$700,000+

savings to employees



Let me begin by describing how emotionally moving the numbers I shared with employees have been. When they saw how much their paychecks would increase as this rolls out, I received hugs and tears. What's been truly impactful is that nearly 20 of the employees shared that this is the first time they've ever been able to afford healthcare coverage—a real game-changer for them and their

*families. It's clear the new plans are making a significant difference. From what I've seen, 4 out of 5 employees are looking at premium savings of more than 70%. **Many employees left the orientation session overwhelmed, even expressing that it felt like a huge raise.***

—EMPLOYEE BENEFITS ADMINISTRATOR