

HEALTH INSURANCE FOR SMALL BUSINESS OWNERS



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Are you a small business owner looking for an affordable health insurance plan for your employees?

Health insurance for small business owners does not need to be so expensive. If you have 50 or fewer full-time employees on the team, group coverage may be a lot more affordable than you think.

In this guide, we're going to explore the different employee health insurance plan options that are available to small business owners with 50 employees or less. This includes a rundown of the potential benefits for employers, as well as answers to some of the most frequently asked questions regarding small group health plans.

We specialize in helping small businesses with less than 50 employees find less expensive ways to provide health benefits.

KEY TAKEAWAYS



We get it. You've got a business to run, and time is money. Here are the main points outlined in this small business insurance guide:



Group Health Insurance is the most popular way for small companies to provide health benefits.



Companies with fewer than 25 employees may be eligible for the Small Business Tax Credit, which could be worth up to 50% of your total contributions.



Health insurance benefits are linked to increased employee productivity.



There are a number of cost-saving alternatives to employee health insurance plans, including [small business HRAs](#) and [health care sharing plans](#).

BEST HEALTH INSURANCE FOR SMALL BUSINESS OWNERS IN 2024 – RANKED & COMPARED

Here's a look at the top 4 small business health insurance providers in 2024:



United Healthcare

Largest Provider Network for Group Insurance

United Healthcare boasts over 1.3 million providers in their network, making it top of the list in that category. This means that your employees have a larger choice of facilities to choose from when they need medical attention.

Unlike the smaller health insurance companies, United Healthcare offers small business plans in every state in the U.S.

AM Best Rating:	A
Additional Group Benefits:	Impressive pharmacy discount plan
Pros:	<ul style="list-style-type: none">• Large provider network• Available in all 50 states
Cons:	<ul style="list-style-type: none">• Fewer mental health benefits than some of the newer insurance companies
Bottom Line:	Available all over the country, United Healthcare plans are available to all small businesses. A powerhouse insurance company with a long track record.

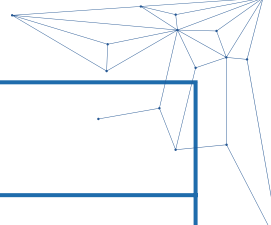


Aetna

Advanced Cost-Controlling to Keep Premiums Low

For many business owners, the cost of employee premiums can vary wildly depending on the size of claims that are coming in. These unexpected price increases can make it nearly impossible to provide a decent health benefit for employees.

Aetna's Funding Advantage program is designed to help even out these costs. If your employees submit higher claims than usual, you won't have to worry about sudden rate changes as much. Meanwhile, if your claims go down, you'll see a refund on that money at the end of the year. It's a good way to stabilize the cost of small business insurance while also creating an incentive for employee health.



AM Best Rating:	A
Additional Group Benefits:	AetnaCVS plans include low or no-cost access at nationwide MinuteClinic locations
Pros:	<ul style="list-style-type: none"> • Aetna Funding Advantage program is one-of-a-kind • High customer satisfaction ratings • Great choice for employees with HSAs
Cons:	<ul style="list-style-type: none"> • Fixed national plan means slightly fewer choices
Bottom Line:	Aetna’s Funding Advantage program is one-of-a-kind for small businesses, and can protect owners from unexpected high-cost claims.



Cigna 8 Different Plan Options for Small Business Employees

Cigna is only available in 10 states, but if it is available in your area, it’s a great place to start when shopping for small business insurance. The most notable feature is their large selection of plan structures to choose from. LocalPlus offers additional discounts for agreeing to a more localized provider network, for instance, and the Indemnity Plan has no network requirements at all.

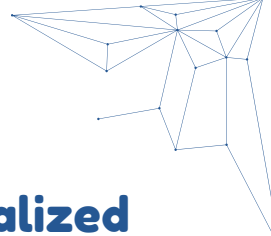
Some Cigna ratings dipped slightly in 2021, most notably their J.D. Power Ranking. But still, their member base has stayed strong and continues to grow year after year.

AM Best Rating:	A
Additional Group Benefits:	Cigna’s Employee Assistance Plan (EAP) goes above and beyond when it comes to supporting your workers’ mental and behavioral health.
Pros:	<ul style="list-style-type: none"> • Highest number of plan options • Great feedback from clients about behavioral and mental health services
Cons:	<ul style="list-style-type: none"> • Only available in 10 states • Smaller provider network
Bottom Line:	If the larger health insurance companies are too rigid and you need something different, check with Aetna. 8 different plan options means that there are more ways to structure your health benefit.



Blue Cross Blue Shield

Best Overall Insurance Provider with Localized Plan Options



Blue Cross Blue Shield is a large independent insurance company that is actually composed of 36 smaller insurance companies. For this reason, their plan costs and options can vary significantly depending on what's specifically available in your area.

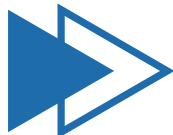
However, the overall network is pretty large, and in most cases, small companies can find an affordable group plan with an affiliate in their area.

AM Best Rating:	BBB+
Additional Group Benefits:	Depends on location
Pros:	<ul style="list-style-type: none">• BlueCard PPO includes 96% of U.S. hospitals and 95% of U.S. physicians
Cons:	<ul style="list-style-type: none">• Plan details and perks vary depending on which insurance affiliate is available to you
Bottom Line:	There are a lot of great Blue Cross Blue Shield small business plans to choose from, but in order to explore the more specific advantages, you'll need to see what's available in your area. Your Personal Benefits Manager can help you with this process.

THE BENEFITS OF GETTING GROUP HEALTH INSURANCE FOR SMALL BUSINESS OWNERS

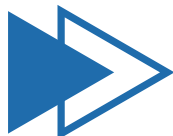
Providing your small business employees with access to a group health insurance plan has several significant advantages:

Health insurance for small business owners can increase employee retention and satisfaction.



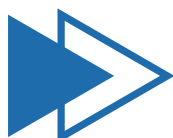
This has been demonstrated in a number of studies, including a [2016 report on employee satisfaction](#). With the increasing costs of individual plans, it is no surprise that health benefits are one of the top concerns for job-seekers.

People with health insurance plans are more productive at work.



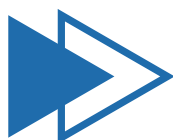
According to [research from the CDC](#), workplace health programs reduce presenteeism, or the degree to which health symptoms and conditions negatively affect job performance. In other words, healthy workers simply get more accomplished.

Health insurance creates healthy employees.



Offering a group plan is an effective way to keep your team performing at the top of their game. Healthy employees not only take fewer sick days, but they are also more likely to have regular checkups and participate in preventative care.

Small business can get a huge tax break if they offer group insurance.



Under the ACA, small businesses that meet the requirements can get a big tax credit by choosing to offer health insurance to their employees. The [Small Business Health Care Tax Credit](#) can be worth as much as half of what you're contributing. In addition, all costs incurred for employee health care can be deducted. This significantly offsets the cost of providing benefits.

HOW HEALTH INSURANCE FOR SMALL BUSINESS OWNERS WORKS



THE EMPLOYER CHOOSES THE PLAN PROVIDER

As the owner or manager, it's up to you to select the plan that is best aligned with your goals. This means weighing your employees financial and medical needs against the brass-tacks numbers of what you can actually afford. This is where a professional group insurance advisor comes in handy.

Here are some questions to ask yourself about group health insurance:

- How much can the company afford to contribute to health care benefits?
- What coverage options are important to my current employees?
- What coverage options are valuable to new, top talent in my company's field?

With these answers, your benefits manager can guide you to the right plan.



THE EMPLOYER EXPLAINS THE PLAN AND COVERAGE OPTIONS TO EMPLOYEES

Your agent should help in describing your company's health plan to your employees. Make sure they know how much it is going to cost them, as well as how much the company is covering. Once the employee is enrolled, their coverage will be in effect for as long as they're receiving a paycheck.



THE EMPLOYER DECIDES HOW MUCH TO CONTRIBUTE FOR PREMIUMS

For small businesses, there are no minimum contribution amounts for employers. This creates a valuable opportunity to offer a benefit that even large companies have trouble affording.

Often, businesses split the cost of a group plan with the employee. This can be 50/50, 70/30, or however you'd like to structure it. Many businesses agree to pay a flat dollar amount towards the premium, and the employee pays the remainder.

Just keep in mind that everything you contribute towards employee premiums is tax deductible. This is why health insurance offers are an effective alternative to base wage increases.



EMPLOYEE HEALTH CARE IS MANAGED THROUGH THE PLAN PROVIDER

Once your employees are enrolled, their coverage begins immediately. Group plans work just like individual plans; Your employees will likely have copays and deductibles that need to be covered out-of-pocket.

Administering a small business insurance plan is not as much work as people think. Still, many growing businesses choose to work with a healthcare administrator or HR company to manage their coverage.

What happens if you need to switch plans?

If your new small group insurance plan isn't working out, or if a better plan becomes available, changing things up is easy. There are no enrollment periods with group coverage like there are with individual plans. Plans can be canceled and purchased as needed.

What happens if an employee leaves or is let go?

Group insurance plans allow for a 90-day continuance of coverage after an employee leaves the group. The plan premium still needs to be paid during this period.

SMALL BUSINESS HEALTH COVERAGE OPTIONS

Managed care health insurance comes in three basic coverage types:

HMO HEALTH INSURANCE PLANS

Unlike PPO plans, Health Maintenance Organization (HMO) plans are designed to work with exclusively contracted doctors and hospitals. This means that out-of-network care is rarely covered. HMOs usually come with lower premiums and deductibles.

PPO HEALTH INSURANCE PLANS

With a PPO plan, policyholders can choose from a network of contracted medical professionals. Out-of-network care is allowed but may be covered at a lower rate. PPOs generally have higher premiums than HMOs but offer more flexibility. In many states, PPO plans are only available to groups, not individuals.

POS POINT OF SERVICE PLAN

POS plans are less common. These plans combine features of both PPOs and HMOs. They require the use of a primary care doctor and referrals for all specialist services. Out-of-network coverage is permitted, but like PPOs, it's always cheaper to stay in-network.

PAIRING YOUR SMALL BUSINESS GROUP HEALTH INSURANCE PLAN WITH AN EMPLOYEE HEALTH SAVINGS ACCOUNT (HSA)

Health Savings Accounts were designed to help people manage the high deductibles of their individual insurance plans. An HSA is a tax-free savings account that can be used to pay for premiums, lab work, medications, and other health care costs.

In recent years, however, the HSA has emerged as a powerful investment tool. That's because HSA funds are entirely tax-deferred. This means that no tax is paid on the deposit, growth, or withdrawal of HSA funds, as long as the funds are being used for qualified medical expenses.

If you choose to offer an HSA-eligible plan, you have the option of having the business make contributions to the HSA, or the employee can fund the account on their own.

SMALL BUSINESS HEALTH COVERAGE OPTIONS

Health insurance is not the only option on the table for small businesses. There are a number of cost-saving small business health insurance alternatives that make it possible to provide benefits on just about any budget.



HRAs: Health Reimbursement Accounts

In 2016, new federal legislation made Health Reimbursement Accounts available to small businesses. This is a way to reimburse your employees, tax-free, for the cost of health insurance, without actually offering a group plan.

This is a great option for small businesses that don't have the time or resources to administer a health plan. It also allows employees to choose a health plan for themselves, while still receiving a valuable benefit from the company.

HRA costs are tax deductible, just like health insurance.



Health Sharing Plans for Small Business

Healthcare cost sharing is not insurance, but it is designed to function similarly. Because medical cost sharing is about half the monthly cost of unsubsidized individual plans, it makes sense that more people than ever are switching to health sharing.

With health sharing for small businesses, members pay a monthly contribution amount into a shared pool. When a member incurs a medical expense, the plan pays out based on a fixed compensation system.

All health sharing organizations work a little bit differently. Most of them require a statement of faith or a statement of principles in order to become a member. Usually this is a signed commitment to a healthy, drug-free lifestyle.

Health sharing comes with some limitations, including long wait times for some pre-existing conditions. Details can vary widely from plan to plan; be sure to discuss health sharing with your advisor before purchasing.

Small Business Health Insurance Options in:

<u>Alabama</u>	<u>Alaska</u>	<u>Arizona</u>	<u>Arkansas</u>	<u>California</u>
<u>Colorado</u>	<u>Connecticut</u>	<u>Delaware</u>	<u>Dist. of Columbia</u>	<u>Florida</u>
<u>Georgia</u>	<u>Hawaii</u>	<u>Idaho</u>	<u>Illinois</u>	<u>Indiana</u>
<u>Iowa</u>	<u>Kansas</u>	<u>Kentucky</u>	<u>Louisiana</u>	<u>Maine</u>
<u>Maryland</u>	<u>Massachusetts</u>	<u>Michigan</u>	<u>Minnesota</u>	<u>Mississippi</u>
<u>Missouri</u>	<u>Montana</u>	<u>Nebraska</u>	<u>New Hampshire</u>	<u>Nevada</u>
<u>New Jersey</u>	<u>New Mexico</u>	<u>New York</u>	<u>North Carolina</u>	<u>North Dakota</u>
<u>Ohio</u>	<u>Oklahoma</u>	<u>Oregon</u>	<u>Pennsylvania</u>	<u>Rhode Island</u>
<u>South Carolina</u>	<u>South Dakota</u>	<u>Tennessee</u>	<u>Texas</u>	<u>Utah</u>
<u>Vermont</u>	<u>Virginia</u>	<u>Washington</u>	<u>West Virginia</u>	<u>Wisconsin</u>
<u>Wyoming</u>				

SUMMARY: YOUR SMALL BUSINESS GROUP HEALTH INSURANCE OPTIONS

As a small business, your options for employee health benefits are not as limited as you think. If small group insurance is not a good fit for your company, we can help you find an option that is.

Since 2004, our team of professional advisors has been dedicated to matching small, local companies with the type of benefit that works for them. From HRAs to health care cost sharing, there are some cost-saving alternatives on the table that shouldn't be overlooked.

Your Personal Benefits Manager can explain more. Call us today at 800-913-0172, or [click here to make an appointment](#).