



HEALTH INSURANCE
BUYER'S GUIDE FOR
**SMALL
BUSINESS
OWNERS**

**Health Insurance
Cooperative Agency**

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Building a successful business is hard work, whether you employ 2 people or 200. Finding affordable, quality health insurance is a challenge for many business owners, especially those with a small business who are hands-on in both daily business operations and company management.

Health care reform introduces new challenges and opportunities to small business owners as well. The purpose of this buyer's guide is to help answer your questions, assess your needs, and provide you with the right tools to find the best health insurance solution for you. We'll provide you with a step-by-step plan for choosing and applying for health insurance, and also discuss some of the specific provisions of health reform law and what they mean for small business owners today.

The Health Insurance Cooperative Agency has been providing health insurance consulting services for the past 20 years. Our services differ from many insurance brokers in that we do not work on a commission basis. We are contracted with insurance companies to help businesses and individuals find the right plans to meet their needs – meaning we are there to help throughout the process of selecting a plan, applying for coverage, navigating questions about claims, understanding the new laws, and beyond. Many of our clients benefits and budgets remain stable from one year to the next, even as their business grows or their insurance needs change.

The value of health insurance

As a business owner, you know that employer-sponsored health insurance is a benefit that is highly valued by employees. Offering a group health insurance plan can help you hire and retain the best workers, as well as provide valuable protection for yourself and your family.

Health insurance helps protect your finances

Not only does health insurance entitle you to discounted rates for medical care and improve your access to quality care, but offering health insurance combined with wellness programs encourages employees to adopt healthier lifestyles. A healthier workforce leads to increased employee productivity and reduced absenteeism, and also helps drive down your organization's health care costs.

Health insurance helps protect your business

Unexpected personal medical expenses can cripple a small business. By limiting your personal liability for medical costs, health insurance can help keep your business afloat even if the unexpected happens. Health insurance also helps you hire and retain the best workers, helping your business grow and thrive.

Understanding health care reform

Not all small businesses are affected by health care reform in the same way. The law draws a sharp division between businesses with the equivalent of 50 or more full-time employees (based on total hours worked) and those with fewer than 50 employees. Starting in 2015, businesses employing the equivalent of 50 or more full-time workers will be required to provide group health insurance coverage to their employees or face financial penalties.

Small Business Health Options Program

Businesses employing fewer than 50 workers may benefit from small business insurance exchanges set up under the new health care laws. Starting in 2014, small businesses with up to 100 employees will be able to purchase group coverage through state-based Small Business Health Options Program (SHOP) exchanges. These exchanges are designed to allow small employers to pool their resources and risk factors into larger groups and to qualify for less expensive insurance rates. Small businesses with fewer than 25 full-time employees who qualify for special tax credits and who also purchase their coverage through the SHOP exchanges after 2014 will continue to receive special tax credits for an additional two years.

Health insurance step by step

If you're a small business owner with at least one full-time employee other than yourself, this portion of our guide will help you understand your health insurance choices and find the right match for your needs and budget. Small business owners often have special concerns and special opportunities. For example, did you know that the money you spend on health insurance for your employees may be tax-deductible?

The following three-step process will help you find the coverage you need and manage your policy effectively once you've purchased it.

Step 1: Assess your needs

Step 2: Compare your options

Step 3: Apply for coverage

Step 1: Assess your needs

Selecting the best health insurance plan for yourself and your business means making an informed choice and knowing your own priorities as well as those of your employees. Is cost your number one concern? Which benefits are most valuable to you and your employees? Consider the following questions and discuss some of them with your employees to help you prioritize your overall needs.

Four questions to ask when assessing your insurance needs:

1. “Who will be covered under this plan?”

Why it matters: If you're looking for a plan that will cover yourself and your family as well as employees and their dependents, then you want to make sure you find a group plan with coverage that is affordable for everyone involved and that fits the diverse medical and financial needs of everyone in the group. Ask if any of your employees already have coverage through spouses or other avenues to determine who needs coverage.

2. “How much cost sharing can I afford?”

Why it matters: Group health insurance is employer-sponsored coverage, but monthly premiums are paid for by both the employer and employees. In most states, employers are required to cover at least 50% of the monthly premium for their employees. Keep this in mind when considering quotes for health plans later in the shopping process.

3. “Would employees rather pay more up front and less when sick, or vice versa?”

Why it matters: Discuss this question with your employees. Oftentimes, plans with less expensive monthly premiums come with higher annual deductibles and plans with lower deductibles often come with higher monthly premiums. If you and your employees don't visit the doctor often, it may make sense to get a plan with a higher deductible. It's important to find a balance of monthly premium and deductible that works for as many people in your group as possible.

4. “What kinds of benefits are most important to me and my employees?”

Why it matters: This is another question you may wish to discuss with your employees. While federal privacy laws prevent you from asking your employees for information about their personal medical histories, you may still ask them about which kinds of benefits they consider most valuable. Are they more interested in catastrophic coverage in case of serious illness or hospitalization, or in regular checkups with a low co-payment? How important are benefits covering prescription drugs or maternity care? Understanding the benefits most valued by your employees can help you find a plan more likely to meet everyone's needs.

Step 2: Compare your options

Get quotes

If you want to save money and make the most of your health insurance dollars, you'll need the broadest possible view of the health plans available. By working with an insurance broker like the Health Insurance Cooperative Agency, you can save time and get a selection of quotes for various plans that meet your company's needs.

Choose a plan

Four key criteria to help guide your decision

When considering your options, use the following four criteria to help you determine which plans best match your needs:

- **Health benefits:** Buy only what is important to you and your employees. Avoid plans offering expensive benefits (like maternity or prescription drugs) if you don't need them.
- **Costs:** Which plans fall within your budget when it comes to cost sharing between employer and employees, monthly premiums, deductibles, co-payments and coinsurance? Consider a high-deductible plan if your primary requirement is a low monthly premium.

- **Brand:** Are there brand-name carriers that you prefer? Are there any you want to avoid?
- **Coverage add-ons:** Do you want to offer your employees dental or vision coverage? Some group health insurance plans will allow you to add them onto your medical coverage rather than buying them separately.

Step 3: Apply for coverage

Completing your application

Once you've selected a health insurance plan that you'd like to apply for, your agent can help you through the application process. Be sure to answer all questions honestly to the best of your knowledge. You may find that you'll need to confirm the ZIP codes and dates of birth of your employees.

Don't worry — you won't be declined

One of the benefits of small business/group health insurance is that, although the overall health of the persons to be covered under your plan may have some effect on your monthly premiums, no individual in the group will be declined coverage based on his or her medical history. If you legally qualify as a business in your state, you are automatically eligible for the plan you selected. Even if group members have a pre-existing medical condition, they will not be declined for coverage by the insurance company.

Enrollment

Enrollment is the process of getting your employees and their family members signed up for your new health plan. Your health insurance agent or broker can help you make sure that all the proper materials are collected and provided to the health insurance company to guarantee that everyone is enrolled.

After you buy

Once you're approved for coverage, you will receive official correspondence from the insurance company confirming the date on which your coverage will begin. After that date, and once enrollment is complete, you can begin enjoying your benefits. Look over any documents sent to you by the insurance company and contact their customer service department or your agent with any questions.



Questions about claims

If you or your employees have questions or concerns about how a medical claim was processed, your first step is to contact the health insurance company's customer service department. If they are unable to assist you or you feel that they're not addressing your concerns, you may contact your health insurance agent for help. Because The Health Insurance Cooperative Agency works on a consultative rather than a commission basis, we are available to help you understand how your benefits work and serve as your advocate to clear up billing disputes, even after your enrollment process is complete.

Adding and removing covered persons

Employees will come and go, and they may need to add or remove dependents from time to time. As such, you will periodically need to make changes to the list of persons covered by your group health insurance policy. Your HIC agent is available to make sure that all these changes are made in a timely and effective manner.

Changes to monthly premiums and benefits

Depending on how long you keep your new coverage, you may find that the insurance company occasionally changes the monthly premium you pay for your coverage. This typically happens once a year during the "open enrollment" period. Your insurance provider may also make changes to your covered benefits, or the amount they pay out per year for specific conditions. Be sure to read through the updates provided by your insurance company and contact their customer service department or your agent for more information.

Open enrollment

With group health insurance products, employers are typically committed to a specific plan for one year. When that anniversary approaches, you'll enter your open enrollment period.

The HIC Agency recommends that you take a fresh look at your medical coverage once a year, prior to your open enrollment period, to make sure you still have the right plan for your needs and budget. To give your health insurance coverage a check-up, ask yourself the following questions:

- **“Are we paying too much for coverage?”**

Get fresh health insurance quotes at least once a year to make sure you're not paying more than you need to. Your broker with The HIC Agency will contact you when open enrollment comes around to make sure you still have the right coverage and to offer you fresh quotes.

- **“Does our current plan cover the services we need?”**

If you're paying for benefits you don't use (such as prescription drugs, maternity or chiropractic care), you may be able to find a plan with a lower monthly premium that excludes those benefits. On the other hand, if you or your employees find that you're paying too much out of pocket for recurring medical services, you may want to consider a plan that covers these at a higher level.

- **“Has the size of our business changed substantially?”**

If your business grew a lot in the past year and you've added new employees, you may find that a single health insurance option isn't going to meet the needs of everyone involved. As they grow, many small businesses offer second or third health insurance options for employees to choose from.

For more information on selecting a health insurance plan for your small business, contact The Health Insurance Cooperative Agency at 913.649.5500. The HIC Agency specializes in providing employee benefits solutions to participating employers while mitigating rising health insurance costs. Let us help you find a plan that meets the needs of your organization and your employees.



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