

HEALTH INSURANCE 101 GUIDE FOR BUSINESSES

When you run a business, you have to make a lot of decisions -- and choosing the right insurance plan is just one of them. It's essential to know the basics, including some key employer responsibilities under the Affordable Care Act (ACA). Follow these tips when picking your company's insurance coverage.

#1: UNDERSTAND WHAT THE ACA MEANS FOR BUSINESSES

The ACA impacts businesses in a variety of ways, from exchanges to premium subsidies for certain income levels. As an employer, the ACA requirements vary according to the size of your business.

Now is the time to get acquainted with the health reform law, before key changes take effect in 2014. Some ACA changes, such as dependent coverage up to age 26, are already in effect. Key elements of the law such as the individual mandate requiring all Americans to get health coverage, insurance exchanges, and premium subsidies for low-income individuals will be effective January 1, 2014.

#2: KNOW WHAT'S REQUIRED OF BUSINESSES YOUR SIZE

The size of your business affects what kind of insurance you purchase for your employees.

Self-Employed Individuals:

Beginning January 2014, self-employed individuals and their families must be included in the small group market in all states and will have the option of purchasing coverage through the Exchange.

Small Businesses:

A small business is up to 50 employees. As of January 2014, all Americans will be legally required to obtain health insurance. While new health reform laws do not require small businesses to provide health insurance, they must inform employees about the law.

Small businesses with less than 25 employees may be eligible for tax credits of up to 35% if you provide health insurance, and pay average wages below \$50,000. This tax credit will increase to 50% in 2014, which will make it even more affordable to offer insurance.

Large Businesses:

A large business is more than 50 employees. An employer of this size that fails to offer minimum essential coverage to its employees will be required to pay a penalty of \$2000 beyond the first 30, which can add up very quickly.

Reporting the cost of insurance is optional and is not taxable. The reporting is intended to provide more information to employees about health care costs.

#3 UNDERSTAND YOUR WORKFORCE

In addition to the number of employees in your company, which beginning in 2014 will impact whether or not you are mandated to offer insurance, company demographics should also be a consideration when choosing a plan. If you have many employees with young families, your needs are different than someone with an older workforce. If you have employees who live out of state, you will need flexible out-of-network benefits as one of your options. Companies will often offer more than one option to accommodate various employee needs. Demographics can also determine what wellness programs you should offer.

#4 SEEK ADVICE

Insurance brokers can be extremely helpful in identifying your options, understanding tax credits, and choosing a plan that works for your business.

#5 KNOW YOUR REQUIREMENTS

Under the Affordable Care Act, there are certain administrative requirements, such as reporting costs of health coverage on workers' W-2 forms and giving employees a summary of benefits coverage.

#6 LISTEN TO YOUR EMPLOYEES

It is essential to consider the opinions and needs of your employees when deciding what kind of coverage to buy. Encourage them to take an active part in learning about health insurance.

Although it may be appealing to cut costs by eliminating benefits like dental and vision, this may be a detriment to your company in the long-run by deterring potential employees. Keeping your staff happy is important for the success of your business, big or small.

To learn more about health reform, or if you have questions about how to plan for this new era in employee benefits, call your broker or local AvMed representative.

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Sources:

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