



## CONSIDERATIONS FOR A BUSINESS BUYING ITS FIRST HEALTH PLAN

**Budgeting:** Premiums for single coverage average about \$400/month; for an employee with dependents, anywhere from \$800 to \$1,200 or more/month. On average, employers pay for 70% of the billed premium, but small businesses routinely pay for the cost of their employee's coverage only; i.e., the difference between single and family coverage may be entirely the responsibility of the covered individual. Insurers require the employer to pay no less than 50% of the single premium, thus when considering a health plan for the first time, the business must budget at minimum approximately \$250/month for each full time eligible employee. Remember: premiums for health insurance are generally tax deductible to the employer and a non-taxable benefit to the employees. Also, beginning in 2010 under the recently passed health reform legislation (the PPACA), additional tax credits are available to small businesses.

**Timing:** When is the best time to apply for group coverage? Well, you need at least two full time employees. Insurers cannot decline "small group" applicants (i.e. <50 employees) however, they can 'load' standard rates based on the health conditions of the initial applicants. Thus the best time to apply for group coverage is when the group is healthy! Once a group contract is in place, new hires can be added to the plan without underwriting and without (in most cases) pre-existing conditions limitations. A probationary (or waiting) period of up to 60 days may be imposed on new hires.

**Other Considerations:** Insurers also have minimum "participation requirements". Generally that means – not counting those who have coverage from another source – 75% of all full time employees must be covered by the group. **Plan Design** can dramatically affect premiums. At this [link](#) to another page on our website, you may see examples of how higher deductibles lower premium and by how much.

**The Role of the Agent:** Anyone can quote premiums. Anyone can fill out an application. Successfully underwriting and enrolling a new group however, will vary dramatically by the care taken to collect accurate health histories and educate employees. The Rauser Agency takes pride in our experience in small group underwriting. And since premiums will increase each year on the plan's anniversary date, our role continues well beyond the initial sale.