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As a small business owner, saving on small business health insurance for yourself and your employees has a huge impact on your business, in multiple ways. Whether you are looking to enroll in a new group health plan or switch from your current plan, the good news is that there are plenty of affordable options for you to consider when shopping for small business health insurance.

Here are 9 excellent ways that you may be able to save on small business health insurance while still providing quality health care coverage for both you and your workforce.





1. Compare group health insurance plans

One of the best ways to save on small business health insurance is to compare all of your options in order to find the most effective and affordable coverage. By shopping for a variety of choices, you can better evaluate the group health plans that are available in your area, compare costs and benefits, and focus on the key information you need to make the right decision for your business.

To save time and money, you can use a private health exchange like eHealth, which is an online marketplace for health insurance plans. As a small business health insurance broker, we make the process of shopping for group health insurance quick, simple, and easy.

Here are some of the advantages of using eHealth to save on small business health insurance coverage:

The ability to **compare plans** from multiple companies in one place

The potential for **more insurance options** than other exchanges

Free health quotes provided with no obligation and no broker fees

Over **1,300 small business health plans** from more than 70 carriers

The **best prices** on any group health insurance plans we sell

A clearly designed, **user-friendly website** with resources and tools

Helpful customer service to assist your group with enrollment

We are dedicated to helping you save on small business health insurance plans. eHealth provides you with the convenience of shopping and applying online, as well as the option to receive personalized, unbiased recommendations by speaking with one of our licensed health insurance agents. To find and compare quality plans that fit your budget and coverage preferences, visit [eHealth.com](https://www.eHealth.com).

2. Offer a range of health plans

Offering a range of health plans may be an advantageous approach to help you and your employees find the right small business health insurance policy for your needs. Depending on your situation, selecting the lowest-cost group health insurance plan may or may not be an optimal way to save on small business health insurance coverage.

For instance, relatively healthy employees who do not visit the doctor frequently may prefer a plan with a lower premium and higher deductible in order to save on monthly costs. Since these employees do not require many prescription medications or specialist treatments, they

can benefit from paying less up front while still having access to quality coverage when they need it.

Alternatively, employees with a greater need for health care coverage and medical services may find a high-premium, low-deductible health plan to be a potentially more cost-effective option. By meeting a lower annual deductible, employees can save by having the health insurance company start contributing to their health care sooner.

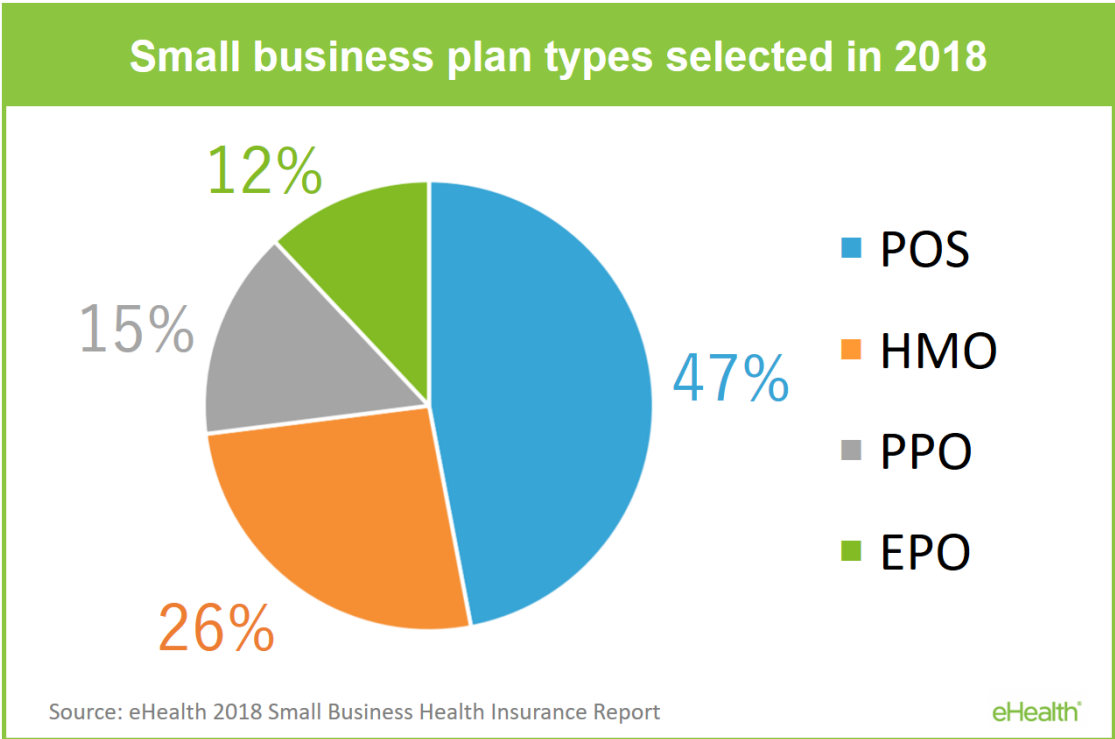
Although plan costs are one of the most important factors to consider, the benefits included with each plan are also important features to review. Here are several examples of popular benefits that might be included in a health plan:

- Free annual check-ups
- Flu shots
- Wellness incentives for pursuing healthy lifestyle choices
- Chiropractic care
- Discount cards for prescription drugs

Group health insurance plan options

In addition to evaluating premiums, deductibles, copays, and out-of-pocket expenses, a small business should also consider the features of different small business health insurance plan types and metal levels in order to find out which ones best fit the coverage needs of its employees.

One way to save on small business health insurance is to find out what group health plans have been selected by other business owners. According to the eHealth 2018 Small Business Health Insurance Report, the most popular group plan type selected by eHealth small business customers in 2018 was the Point of Service (POS) plan, which was chosen by almost half (47 percent) of small business owners.



Health Maintenance Organization (HMO), Preferred Provider Organization (PPO), and Exclusive Provider Organization (EPO) plans were also popular choices for small business owners in 2018.

Overall, each small business health insurance plan has its own terms, conditions, limitations, and cost differences. Be sure to read and review the official plan documents of each policy you actively consider in order to understand how the particular plan will work for you and your employees.

3. Consider HSA-compatible health plans

Another way to save on small business health insurance is by having your employees create a tax-advantaged savings account, called a Health Savings Account (HSA), to help them pay for eligible health costs. An HSA is meant to be used in conjunction with a high-deductible health plan (HDHP), which tends to have low monthly premiums and a high annual deductible.

Here are a few of the benefits that HSAs may offer to small businesses:

HSAs are tax-favored, interest-earning accounts owned by individual employees. As a result, HSAs can grow over time by rolling over from year to year, and an HSA can follow its owner if that person decides to change jobs.

Employee HSA contributions may be deducted from their pay on a pre-tax basis. This can allow workers to pay for their eligible out-of-pocket medical expenses using pre-tax dollars. While HSAs are subject to annual contribution limits, HSA contributions are typically tax-deductible.

Lower-premium HDHPs can mean that both small business owners and their employees have the opportunity to pay less in terms of monthly health plan costs, allowing them to save on small business health insurance coverage.



HSA funds can be used to pay for your annual deductible, which may reduce the risk of having a high deductible health plan. Additionally, HSA funds can be used to pay for other designated qualifying medical expenses, including copayments, dental care, and vision care. However, your HSA funds cannot be used to pay monthly premiums, and doing so could lead to a penalty tax from the IRS.

It is important to know that not all HDHPs are compatible with HSAs, so keep this in mind when considering this plan option. For small businesses interested in tax savings, HSA-compatible plans can serve as a helpful way for

both employers and employees save on monthly health insurance expenses.

4. Look into partially self-funded plans or level funded plans

Considering partially self-funded plans, also known as level funding or level funded health plans, could be a strategy that your company may use to save on small business health insurance coverage.

Having a partially self-funded health insurance plan means that you, as the employer, work with a health insurance company to help administer your group plan, while also taking more responsibility for paying for your employees' potential health care costs. In turn, you may be able to receive a refund at the end of the year if employee medical costs turn out to be lower than expected.

Here is an overview of how a partially self-funded health insurance plan, or level funding, typically works for a small to mid-sized business, and how it could help employers save on small business health insurance plans:

First, like other health plans, the employer sends payments to their health insurance company each month.

Then, a portion of these insurance payments is placed into a specific account meant to pay for the covered medical costs of employees.

The insurance company will pay for extra costs if employees' covered medical costs are greater than the account balance.

If these employee health care costs are lower than that account balance, then the employer can receive the account balance as a refund at the end of the year.

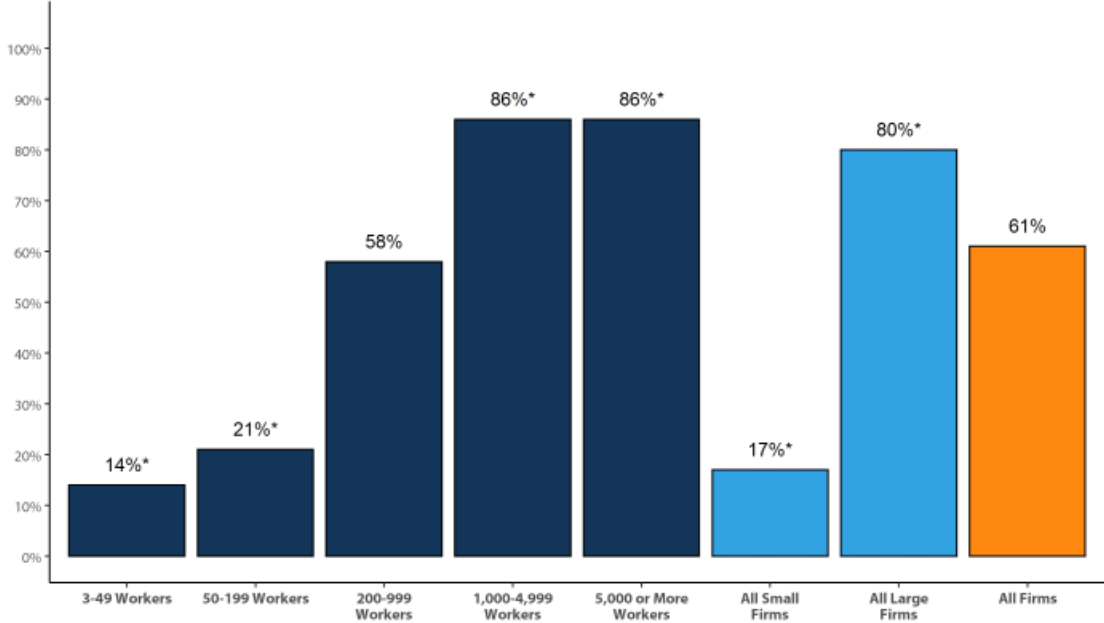
STANDARD SMALL GROUP INSURANCE	BENEFITS	PARTIALLY SELF-FUNDED INSURANCE
Yes	Qualifies as major medical insurance and protects you from any possible tax penalties for not having or providing health insurance	Yes
Yes	Legally must cover all essential health benefits	Yes
Yes	Premiums are typically tax deductible	Yes
No	Monthly costs can be based on the health of your group	Yes
No	A portion of your monthly premiums are saved in a reserve account	Yes
N/A	Money in your reserve account is used to pay medical claims	Yes
N/A	You can get a refund on unused funds in your reserve account at the end of the year	Yes

According to a [2019 Kaiser Family Foundation report](#) on employer-sponsored health insurance:

61 percent of covered workers, including **17 percent** of workers in small firms and **80 percent** in large firms, are enrolled in health plans that are either partially or completely self-funded.

7 percent of small firms report having a level-funded plan, which combines a small self-funded component with stoploss insurance that may transfer a significant share of risk to insurers.

Figure 10.1
Percentage of Covered Workers Enrolled in a Self-Funded Plan, by Firm Size, 2019



* Estimate is statistically different from estimate for all other firms not in the indicated size category (p < .05).
NOTE: Figure includes covered workers enrolled in partially or completely self-funded plans. See the glossary at the end of Section 10 for definitions of self-funded, fully-insured, and level-funded premium plans. Small Firms have 3-199 workers and Large Firms have 200 or more workers.
SOURCE: KFF Employer Health Benefits Survey, 2019

Overall, in terms of how they could help a company save on small business health insurance, partially self-funded health plans have risks as well as potential benefits. These types of plans are generally more suitable for somewhat larger companies with younger and relatively healthy employees, who have less of a need to visit the doctor and would typically have less annual medical expenses.

Be sure to ask your broker, or research more to understand if these plans might be an effective option for your business.

5. Explore Flexible Spending Accounts (FSAs)

A Flexible Spending Account (FSA) is a tax-advantaged account meant to cover eligible health care costs, and is compatible with any type of small business health insurance plan, not just qualifying high-deductible health plans (HDHPs). The FSA allows for greater flexibility when choosing a group health plan, and could allow your workforce to save on small business health insurance through tax savings.

Unlike HSAs, the employer, not employees, owns FSAs. While HSA funds can grow and roll over from year to year, employees must use all of the funds in a FSA by the end of the year or else they expire. FSAs do not accrue interest, and the remaining funds in the FSA typically go back to the employer.

Here is an overview of several key features of FSAs and HSAs to help you find out which type of account option could be most effective in allowing you to save on small business health insurance coverage.

Account Feature	Flexible Spending Account (FSA)	Health Savings Account (HSA)
Ownership	Employer-owned	Employee-owned

Interest	Does not accrue interest	Can accrue interest
Carryover Rules	Up to \$500 carryover option if set up by employer	All funds automatically carry over from year to year
Plan Compatibility	Compatible with any type of health insurance plan	Only compatible with a high-deductible health plan (HDHP)
Annual Contribution Limit (2020)	\$2,750	\$3,550 for individual coverage and \$7,100 for family coverage

For FSAs, employers establish a pretax payroll deduction for each worker to use during the year, and this cannot be changed unless the worker has a qualifying life event. For HSAs, workers can typically adjust their distribution rate with each check. Employers can contribute to both FSAs and HSAs as part of their employee benefits package.

Contact a licensed small business health insurance broker to find out if a savings account paired with a group health plan could work well for your company and employees.

6. Benefit from tax savings for small businesses

Tax savings, in the form of either tax deductions or the small business health care credit, are two great ways that your company could be able to save on small business health insurance coverage.

Tax deductions for small business health insurance

Both employers and employees may benefit from tax savings as a result of having group coverage. As an employer, you can usually deduct the cost of the health insurance premiums you pay for employees from your federal business taxes each year.

Beyond potential access to lower premiums through group health insurance, employees may also have more after-tax money available to them. As employees pay their own monthly premiums, that money can typically be deducted from their payroll on a pre-tax basis, meaning before federal and state taxes are calculated and deducted. Employees can then benefit from less taxable income and greater take-home pay.

Does your small business qualify for health tax credit?

To qualify for the full credit, you must meet the following criteria:



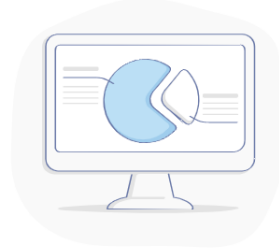
Number of full-time workers the company employs is within

25



Average annual wage per worker must be less than

\$50,000



Minimum employer contribution toward employee coverage is

50%

What is the small business health care tax credit?

The small business health care tax credit is a tax incentive, provided by the government, to help eligible small businesses afford the cost of offering group medical coverage. To qualify for the small business health care tax credit, your business needs to meet the following requirements:

Have **less than 25** full-time or full-time equivalent employees (the maximum tax credit is available to small businesses with less than 10 employees)

Pay average wages of less than **\$50,000 a year** per full-time or full-time equivalent employee (adjusted for inflation)*

Purchase your group health insurance coverage through the Small Business Health Options Program (SHOP) Marketplace or a licensed, SHOP-certified agent like eHealth

Pay for at least **50 percent** of qualified employees' monthly health insurance premiums

*According to the IRS, this wage amount was \$53,000 for 2017. This limit may be subject to annual changes.

Keep in mind that the small business health care tax credit is only available for two consecutive taxable years once an employer has qualified.

Overall, the potential tax benefits associated with group coverage are significant advantages that may help both employers and employees save on small business health insurance coverage.

7. Review coverage options with employees

Taking the time to review medical coverage options with your employees may be an effective way to help your company save on small business health insurance plans. By going over available group health insurance options with your workforce, you can enable them to make better-informed decisions regarding their plan and related benefits.

Examples of affordable ways you can review health insurance benefits with your employees include:

Educational Materials – Share relevant plan-related information with employees to help them make the most of their group health benefits. You can share plan documents provided by the insurance company, or consider sending periodic emails about health insurance to your workers.

Office Training – Setting up short, focused, and informative office training sessions or presentations could be an engaging way to educate your workers about their choices for medical benefits, especially during the important annual Open Enrollment season.

Expert Resources – Make it easy for your employees to access health plan information from expert resources, such as your company’s HR department or administrator, or a licensed small business health insurance broker or agent.

Doing something as simple and straightforward as going over your company’s group health benefits with your employees could contribute to having your workers feel more secure, educated, and happy with their health plan. This process may also help employers save on small business health insurance by helping employees better understand how to choose affordable, quality health coverage.

8. Find plans with telemedicine services

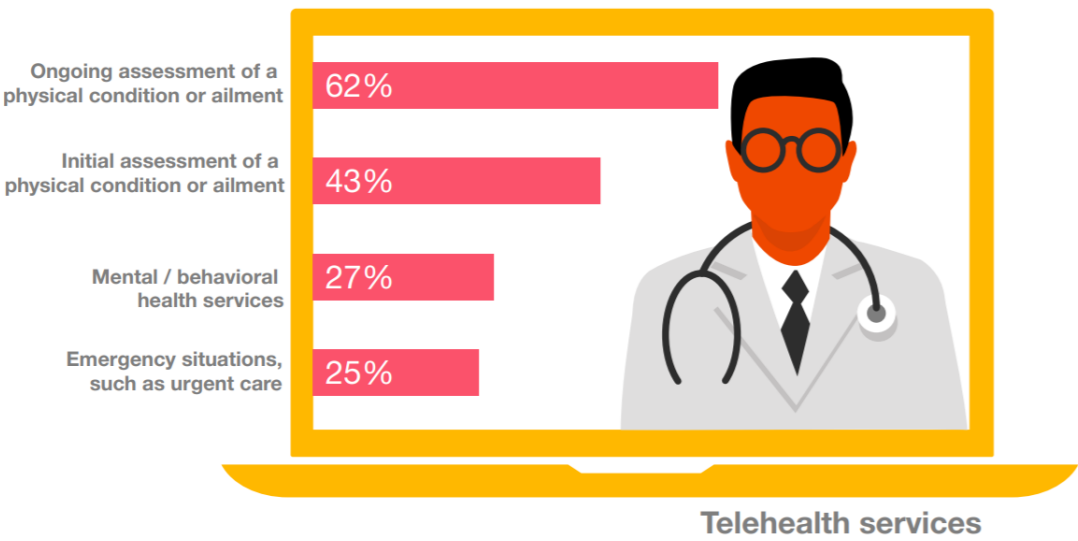
As a popular benefit that has been included in group health insurance plans in recent years, telemedicine services may be able to provide convenience as well as cost savings for employers.

Telemedicine provides remote access to medical services through phone calls and online video communications. It is optimal for outpatient services which do not require in-person treatment or medical consultations.

For instance, instead of traveling to a hospital or clinic, employees could decide to book telemedicine appointments with doctors if they have less intensive symptoms such as a cough, stomach issues, or fever. Although telemedicine may not be the best choice for every medical situation, it can make health care services more accessible to employees who have busy schedules or live in remote locations.

Figure 13: Consumers with employer coverage willing to use telehealth would consider using it in place of these in-person services

49 percent of consumers with employer coverage said they are willing to use telehealth in place of an in-person visit. Of those, these are the services they are willing to use:



Source: PwC Health Research Institute consumer survey, spring 2019

From the perspective of a business owner, telemedicine services may be able to help employers save on small business health insurance through their billing structure.

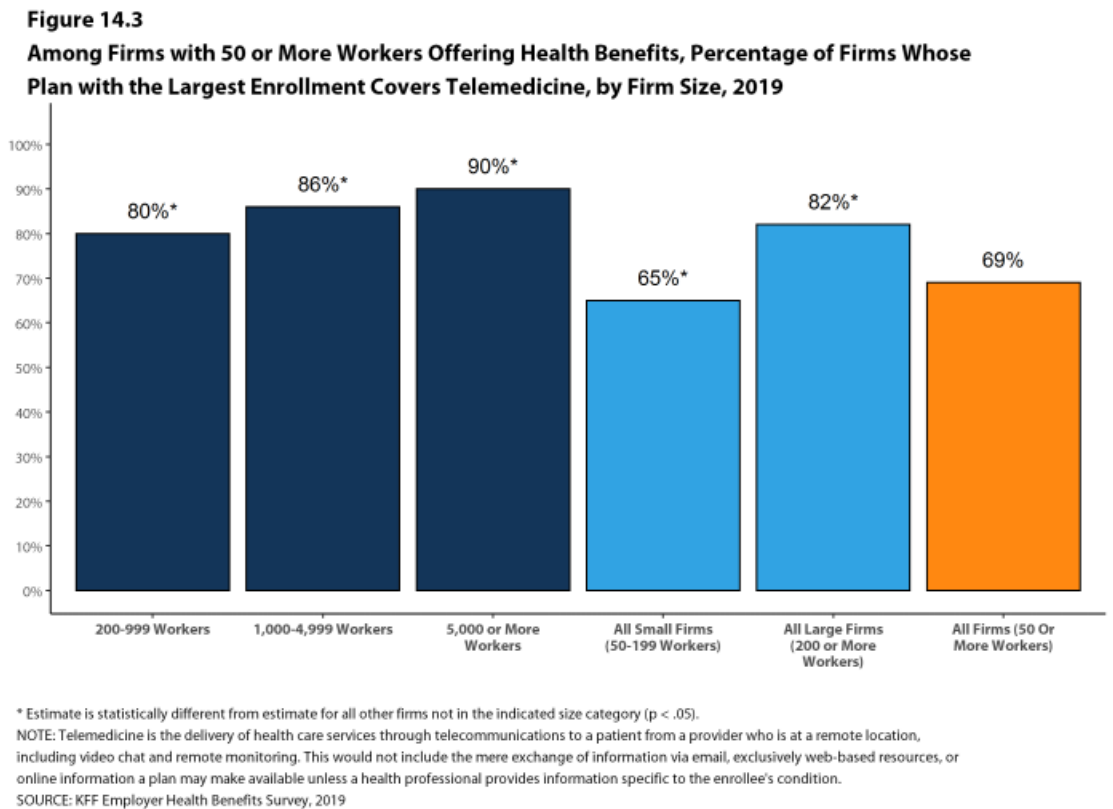
Typically, telemedicine appointments tend to be billed for less than similar in-office medical services.

As a result, insurance companies do not have to pay as much for claims to providers.

These cost savings from telemedicine can help contribute to insurers keeping premiums more affordable for both employees and employers.

Increasingly, more employers have started to include telemedicine services within their group health plan benefits. While only **27 percent** of large firms had health plans that covered telemedicine in 2015, that amount increased to 74 percent of firms offering coverage in 2018.

According to the [Kaiser Family Foundation \(KFF\) 2019 Employer Benefits Survey](#), **65 percent** of small firms (with between 50 to 199 workers) that offer health benefits also cover telemedicine services through their largest health plan.



For small business owners, deciding to offer group health insurance plans with telemedicine benefits could be an effective way to make health coverage more accessible and affordable for their workforce.

9. Take advantage of the Special Enrollment Period

Depending on the time of year your company shops for group health coverage, applying for a plan during the Special Enrollment Period for small businesses is an excellent way to save on small business health insurance as an

employer.

The Special Enrollment Period (SEP) for small businesses is a one-month window, running from November 15 through December 15 each year, during which employers can sign up for group health coverage without having to meet the usual employee participation requirements.

The primary benefits of purchasing a plan during the month-long Special Enrollment Period are:

The usual **70 percent** employee participation requirement is waived

Employers are not required to contribute to employees' health insurance premiums

This means that the Special Enrollment Period can allow business owners to save on small business health insurance while also providing the opportunity to enroll when they otherwise might not be able to. Employers can ask their workforce to pay for their entire monthly premium, yet employees still benefit from the typically lower prices of group health coverage.

If employers enroll in a small business health insurance plan outside of the special enrollment window, they will likely be required pay for at least half (**50 percent**) of employees' monthly health insurance premiums. Thus, the Special Enrollment Period is an optimal time for small business owners to save on small business health insurance plans.

To qualify for a group health plan during the Special Enrollment Period, a small business must meet the following requirements:

Have at least one employee on the health plan who is neither the business owner, nor the spouse of the business owner

The covered employee must be a W-2 employee

Although you can always buy a group health insurance plan at any time throughout the year, the Special Enrollment Period is the only time when you have the opportunity to save on costs and waive employee participation requirements as soon as your business enrolls in your small business health insurance plan.

Saving time and money on small business health insurance

There is a variety of effective ways to save on small business health insurance as an employer, each of which could help you find the right plan for your budget and coverage preferences. Whether comparing a range of health plans, considering tax-advantaged savings accounts, or offering plans with specific cost-saving benefits, these different approaches and strategies can empower you to find affordable, quality health plans for yourself, your family, and employees.

To learn more about how you can save on small business health insurance coverage, visit [eHealth.com](https://www.eHealth.com) or speak with one of our licensed health insurance agents, who can provide you with additional guidance and recommendations on how to find the optimal plan for your business.

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