

## FACTS ABOUT HEALTHCARE

**Definition:** Employer paid or subsidized health insurance, dental insurance, and/or vision insurance.

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### What are the costs of offering health support policies/ programs?

Research continues to show that there is a clear return on investment for offering certain health support policies (wellness programs), or the costs level out over time (subsidized insurance) (Harvard Business Review, 2010). Providing health insurance costs more for small employers than for large ones, both in terms of higher prices because of lesser buying power, and due to relatively higher costs of administration.

- \$6,200 is the estimated annual cost of comprehensive health insurance for an individual (Kaiser Family Foundation, 2016). However, companies can often get better group plan rates, or they can subsidize health care costs by providing a monthly healthcare stipend.

The cost of health insurance has steadily risen, making it less and less affordable to employers, and making financial planning difficult from year to year (although the small business provisions of the ACA have altered this balance by incentivizing employer-funded benefits). Mistakes made in benefit plans can lead to costly lawsuits or regulatory fines.

SOURCE: <http://smallbusiness.findlaw.com/employment-law-and-human-resources/pro-and-cons-offering-employee-benefits.html>

Willis Towers Watson – National Business Group on Health identified on-site care or clinics to be one of the top ten tactics for managing health care costs (Willis Towers Watson, 2016 & 2015).

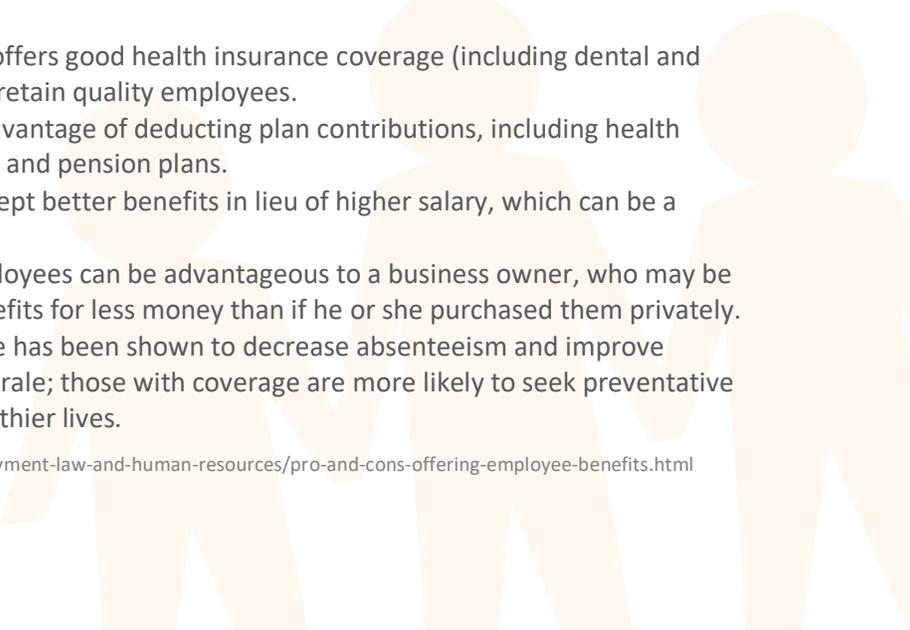
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### What are the benefits of offering Health Insurance?

Healthy employees benefit employers. Creating a positive, safe and healthy workplace increases morale, improves employee work-life balance and positively impacts business (White House Council of Economic Advisors, 2014). Healthier employees are absent less, are motivated to stay in a job, and often recover from sickness quicker. Healthcare benefits are optional for most employers, but are critically important to most employees.

- A benefits package that offers good health insurance coverage (including dental and vision) helps attract and retain quality employees.
- Businesses get the tax advantage of deducting plan contributions, including health insurance, life insurance, and pension plans.
- Employees often will accept better benefits in lieu of higher salary, which can be a savings to the business.
- Offering benefits to employees can be advantageous to a business owner, who may be able to get personal benefits for less money than if he or she purchased them privately.
- Offering health insurance has been shown to decrease absenteeism and improve employee health and morale; those with coverage are more likely to seek preventative care and live overall healthier lives.

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## What do businesses say about offering health insurance?

*"We needed IT staff and programmers, and we knew that in our area, we'd have to take them from larger companies," says April Kunzelman, human resources director for the Beloit, Wis.-based company (FatWallet). Kunzelman also knew that to lure talent from more established companies, FatWallet would have to beef up its employee benefits package. "We knew we couldn't compete if we didn't offer, at the very least, health insurance. So we immediately began putting an employee benefits plan in place," she says. Today, FatWallet boasts a progressive benefits package that includes health, dental and disability insurance, paid time off and a host of other amenities, including free daily lunches for its nearly 60 employees. As Kunzelman and her peers have found, a strong employee benefits package is a powerful tool for attracting and retaining the best workers. —Entrepreneur.com*

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## What is the Law?

The Affordable Care Act requires employers with 50 or more full time employees to offer adequate health coverage or be subject to assessment if their employees receive premium tax credits to buy their own insurance.

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## What do companies need to do to adopt and implement health support policies?

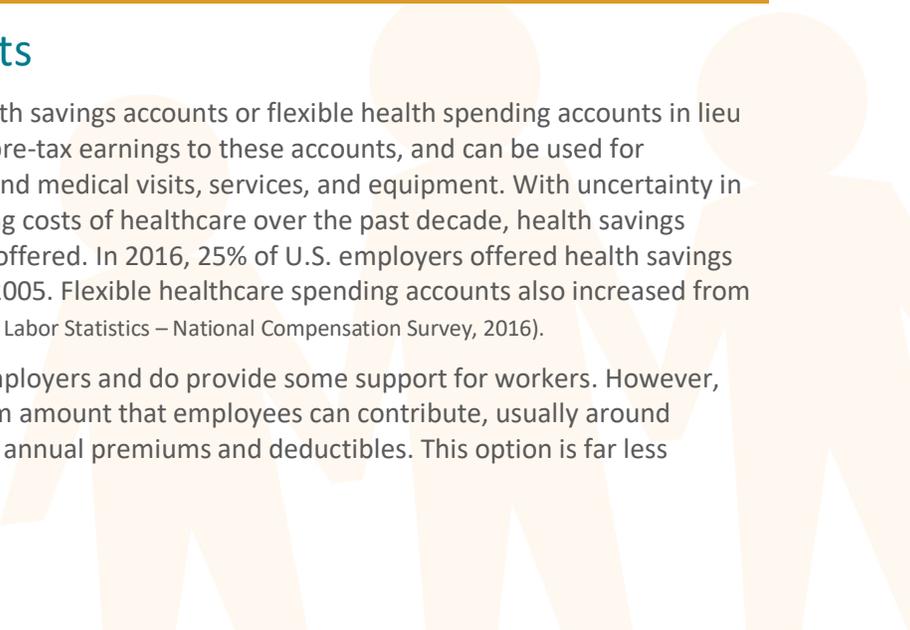
- Discuss policy options (group health insurance, high deductible plans, small business marketplace plans, group plans on the exchange, joining a professional employer organization)
- Determine financial commitment and policy options
- Gather input from staff
- Determine which workers have access to which options
- Tailor policy to meet your needs
- Train employees and make new policy and benefits available to employees.

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## Health Savings Accounts

Some employers have turned to health savings accounts or flexible health spending accounts in lieu of insurance. Employees contribute pre-tax earnings to these accounts, and can be used for insurance premiums, prescriptions, and medical visits, services, and equipment. With uncertainty in the healthcare industry and increasing costs of healthcare over the past decade, health savings accounts have become more widely offered. In 2016, 25% of U.S. employers offered health savings accounts compared with only 5% in 2005. Flexible healthcare spending accounts also increased from 31% in 2005 to 43% in 2016 (Bureau of Labor Statistics – National Compensation Survey, 2016).

These are a less costly options for employers and do provide some support for workers. However, there are limitations on the maximum amount that employees can contribute, usually around \$2,500, which is insufficient for most annual premiums and deductibles. This option is far less



comprehensive than employer subsidized insurance and still requires the employee (not the employer) to set aside the contributions.

#### Sample Healthcare Policies

<https://www.humana.com/individual-and-family/products-and-services/medical-plans/sample-policies>

<http://www.mass.gov/edu/docs/eec/licensing/technical-assistance/guide-health-care-policies.pdf>

### CITATIONS & RESOURCES

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Should you offer Employees Health Care Benefits? (2014) Business Owner’s Toolkit <http://www.bizfilings.com/toolkit/sbg/office-hr/managing-the-workplace/offering-health-care-benefits.aspx>

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