

Small business



Group health insurance basics

A small business owner's guide to offering health insurance



Considering group health insurance?

You've come to the right place.

You've spent time building your business. Now you're wondering if offering health insurance as an employee benefit is something you can do. It is a big decision with many factors to consider as an employer.

Those factors include how offering group health insurance to your employees can be a benefit to the business such as **possible tax advantages** or being **more attractive to job seekers**.

As the owner of a small business, you wear many hats and you likely work well beyond the typical 40-hour week. Remember those reasons you started your company in the first place – doing what you enjoy and what you're good at? You may be spending less and less time on this, and instead, wearing those other hats like managing your employee benefit package including health insurance administration.

But here's the good news... Blue Cross and Blue Shield of Kansas has a small business group insurance team ready to serve you. We specialize in health, dental and life insurance for Kansans and our **800 number is always answered in Topeka** where we work full-time to offer Kansans fair premiums for **quality insurance backed by hometown service**.

We put together this small business health insurance guide with you in mind. We're here for you, when you are ready.

Your future partner for a healthy business,

Blue Cross and Blue Shield of Kansas small business team



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Things you should know

Your small business must be eligible to enroll in a group health insurance plan

There are federal requirements to keep in mind when you consider enrolling in a group health insurance plan. The Affordable Care Act (ACA) requires that a business must be operating on a full-time basis and enroll at least one eligible employee in the insurance plan. Blue Cross offers a variety of BlueCare plan options for groups of all sizes!

Group health insurance plans generally have lower premiums than individual plans

In general, group health insurance for small businesses have a lower average annual premium than individual health insurance policies and may offer a lower deductible than individual policies. This could not only benefit your employees but you as the owner and your family. Another reason group health plans have cost savings is the advantage of spreading the risk across a larger pool, including other group members throughout Kansas. With more people paying into the group plan, there are more reserves to pull from when someone receives medical care.

Small businesses may offer health insurance benefits on a voluntary basis

Businesses with less than 50 full-time equivalent (FTE) employees are not required to offer benefit plans including health insurance. Employers may choose to offer benefits on a voluntary basis. Many small companies offer health insurance as a benefit, even if they aren't required to by law. There may be some employment contracts that require it when unions or collective

bargaining agreements guarantee healthcare coverage. Under the Affordable Care Act (ACA), businesses with more than 50 FTEs can receive a tax penalty if they do not offer health insurance to employees.

Rules and regulations related to healthcare insurance can be challenging to keep up with as a business owner. Don't worry, Blue Cross has your back. Each year before your contract renewal, we'll review any changes that could affect your business and help you understand them.

Employers may qualify for the small business health insurance tax credit

A small business could qualify for the tax credit which may help make the cost of a group health insurance plan more affordable. The business should meet the following insurance requirements:

- The small business has 25 or less full-time equivalent (FTE) employees (to receive the maximum tax credit, the business must have at least 10 employees).
- Employees are paid an average salary of no greater than \$54,200 (in 2019; adjusted annually for inflation).
- The small business pays at least 50 percent of qualified employees' premiums.
- The small business buys an Affordable Care Act (ACA) plan through a private insurer like Blue Cross.

A business should weigh the qualifications required to receive the tax credit before deciding on this type of plan.

If you offer health insurance to any full-time employee, you must offer coverage to all full-time employees

The general rule is if an employer offers group health coverage to any full-time employee, the employer must offer coverage to all full-time employees.

There is also a "management only" plan which allows a business to enroll only their management employees and not offer coverage to all full-time eligible employees.

Health and dental insurance is not available to employees working less than 30 hours per week, however, Blue Cross does offer some life insurance and Secure products (cancer and hospital indemnity) for those employees.

Speak to your Blue Cross specialist for details and to learn all your options.

Eligible employees may not be excluded from coverage because of a health condition

Rules protect employees from being excluded from health insurance benefits regardless of the medical condition of the employees. If an employee has a pre-existing condition, you are not allowed to deny access to coverage. When you hire new employees, you can add them regardless of their medical conditions.

Group plans typically include coverage for dependents of eligible employees

Dependents of eligible employees are usually eligible for coverage under a group plan. Dependents may not enroll unless the eligible employee has enrolled. Spouses and children are considered dependents. Under the ACA, group insurance plans must extend coverage to dependents through age 26.

Types of enrollment

Small businesses can choose from four types of enrollment for their employees.



Employee

Covers the employee only



Employee and spouse

Covers the employee and his or her spouse



Employee and child(ren)

Covers the employee and his or her eligible dependent children, but does not provide coverage to a spouse



Employee and dependents

Covers the employee, spouse and eligible dependent children

Employers may pay some or all the premium for employees

Small business owners may choose to pay the full health insurance premium for their employees. Some businesses may ask employees to pay for part of the monthly premiums out of their paychecks.

The ACA offers small businesses tax credits to help with the cost of health insurance. The amount of the tax credit depends on how much of the premium the employer pays, how many employees they have and what those employees' average earnings are.

At Blue Cross, when you purchase group insurance, you have the choice and flexibility to decide the amount you'd like to contribute. Though an employer contribution is required, we won't dictate the minimum premium contributions amounts like many other health insurance companies do.

Group plans may be able to deduct the cost of contributing to employees' monthly premiums from their federal taxes

If a small business is not eligible for health insurance tax credits, they may be able to deduct the cost of contributing to employees' monthly premiums as a business expense on their federal taxes.

There are certain requirements related to tax reporting when a small business offers health insurance

Small businesses should be aware there are requirements for reporting health insurance on their taxes. Be sure to work with your accountant or tax advisor to gather the necessary information and documentation for tax purposes.

A small business can enroll any time of year with a simple process

You can enroll your small business in a group health insurance plan any time of year as there is not a designated open enrollment period. A Blue Cross small business specialist will work with you to select the right plan and lead you through completing paperwork. Once everything is in place, coverage can begin the first of the month. Blue Cross can also offer your employees dental, life, hospital indemnity and cancer insurance policies.

If you already offer group health insurance to your employees, we can help you compare

Along with providing affordable health insurance, we know great service matters to businesses like yours. Our priority is to serve our members every day – just like you serve your customers. Great service extends to our provider networks. You simply won't find another plan network like ours. It includes 97 percent of all providers in our service area, with 99 percent of all medical doctors and 100 percent of acute care facilities. It takes only a few moments to discover which BlueCare plan fits your needs.



Health insurance vs. health benefit plan

Both a health insurance plan and health benefit plan are options Kansans have as they consider their health coverage, but they are not created equal and some can leave you without necessary coverage. Check out our side-by-side breakdown of both options to understand the benefits and limitations you need to know before you make any decisions on coverage.

Health Insurance (Blue Cross and Blue Shield of Kansas)	Health Benefit Plan (Non-insurance carriers)
Simple enrollment process	1 Extensive application with full health history of employee and all family members
Cannot drop or deny coverage based on employee's health conditions or past claims	2 Able to deny and drop coverage based on health conditions and past claims
Legally required to cover employees with pre-existing conditions	3 Not required to cover employees with pre-existing conditions, such as diabetes, obesity, skin cancer and more
Covers all mandated services, including maternity care, mental health services, chiropractors and more	4 Not required to cover services, which could mean no coverage for maternity care, mental health and more
Coverage regulated by the Kansas Department of Insurance and guaranteed	5 Coverage not regulated or guaranteed in Kansas or by federal government
No waiting periods for coverage	6 Often have waiting periods for coverage to begin
Price not determined by employee's health history	7 Able to charge more based on employee's health history

The benefits of offering health insurance

While small businesses are not required to offer group health insurance, there are advantages to doing so.

Attract and retain great employees

When businesses offer a competitive health insurance benefit package, they attract top talent, offer current employees a better quality of life and develop mutual beneficial relationships with their employees. In today's competitive employment market, every advantage a business can leverage is worth considering.

In fact, health, dental and vision insurance are the most desirable employee benefits according to a study by Fractl.¹

Health insurance is ranked as a top employee benefit

A recent Glassdoor survey showed job seekers cited attractive benefits and perks as the top factor in their decision to apply for a role.²

Including health insurance in your benefits package also helps keep your best employees. Employees (92 percent) feel that benefits are important to their overall job satisfaction according to the Society for Human Resources Management (SHRM).³

Providing quality health insurance results in healthier and happier employees

With access to medical care, employees can rest assured they can receive the care they need. Access coupled with preventive services and wellness programs also encourages employees to take a more active role in their health and wellbeing.

Providing health insurance also shows your employees that you value them and their health

They can have peace of mind that they and their families are covered if the unexpected arises and employees that participate in a group plan typically pay less out of pocket for healthcare costs. Certainly, something to smile about.

Your business can benefit from a healthier workforce

Overall, your workforce will benefit by having access to healthcare and resources. A healthy workforce leads to increased productivity and lower absenteeism.⁴ When employees are healthy, they can spend more time focusing on work and less time stressing over health issues, finances or the what-ifs in our world. Offering a comprehensive benefits package also gives employers the tax advantage of deducting plan contributions, while keeping employees healthy and happy.

¹ Employee Benefits Study: The Cost and Value of Employee Perks. [Frac.tl/employee-benefits-study/](https://fractl.com/employee-benefits-study/)

² "Glassdoor Study Reveals What Job Seekers Are Looking For." July 25, 2018 <https://www.glassdoor.com/employers/blog/salary-benefits-survey/>

³ "2018 Employee Benefits, The Evolution of Benefits." Society for Human Resources Management (SHRM) <https://www.shrm.org/hr-today/trends-and-forecasting/research-and-surveys/Documents/2018%20Employee%20Benefits%20Report.pdf>

⁴ "The Benefits of a Healthy Workforce." June 1, 2015. Harvard School of Public Health. <https://www.hsph.harvard.edu/ecpe/the-business-benefits-of-a-healthy-workforce/>

Glossary

Eligible employee (for groups with 1-50 total employees)

Eligible employees are employees/owners who work at least 30 hours per week. The applicant must be employed for personal financial gain and receive wages which would be forfeited if they were to leave the group. Only eligible employees/owners are permitted to enroll.

Employee roster

The employee roster contains information about your business's employees – such as the number of employees on your payroll who work 30+ hours a week, their names and dependents, along with birthdates. This information is required in order to determine your rate.

Group coverage

Group medical coverage refers to a single policy issued to a group (typically a business with employees, although there are other kinds of groups that can get coverage) that covers all eligible employees and sometimes their dependents. Individual medical coverage, on the other hand, is a single policy issued to a single person or family.

The rules are quite different for group coverage versus individual coverage, in large part because the insurer's risk is calculated differently. With individual coverage, the insurer has historically based its premium rates (or denied coverage) on the detailed medical history of the person or family. The Affordable Care Act brought important changes to the individual market, including eliminating the ability of insurers to deny coverage or charge a higher premium based on pre-existing conditions.

With groups such as small businesses, the insurer determines a premium price based on factors balanced over the entire group, using general information on members of the group, such as age or gender. Insurers are required by law to offer coverage to small groups.

Small employer

A small employer is defined as a business with 1 to 50 full-time employees. Owners are usually counted as employees.

Additional resources

bcbsks.com/smallbiz

We know you're busy so we made these online tools available 24/7. Then, when you're ready, your Blue Cross small business specialist will guide you through the details and answer any questions you have with no obligation to buy.

[Get your free quick quote](#)

Information about your employees is needed to provide you an accurate initial quote.

[Download our plan guide](#)

We encourage you to browse the plans we offer to see which options you think would fit your needs.

What matters most to you?

Blue Cross and Blue Shield of Kansas can help you identify what matters most in choosing a healthcare plan and assist you in comparing plans from various health insurers.

Matters to you	Considerations	Available from Blue Cross	Other insurer	Other insurer
<input type="checkbox"/>	Is there an application fee?	No		
<input type="checkbox"/>	Is there a monthly administration fee?	No		
<input type="checkbox"/>	Are claims filed automatically by contracting provider?	Yes		
<input type="checkbox"/>	Where is the insurance company's headquarters?	Topeka		
<input type="checkbox"/>	Are you provided a toll-free number for customer service?	Yes		
<input type="checkbox"/>	How often are premiums reviewed?	Annually		
<input type="checkbox"/>	Are premiums based on a Kansas or national average?	Kansas		
<input type="checkbox"/>	Do contracting providers accept the company's reimbursement allowances for eligible services as payment-in-full (you are not responsible for the difference, if any – subject to your deductible and coinsurance)?	Yes		
<input type="checkbox"/>	Are claims paid promptly? Less than three days (based on Blue Cross claims data)	Yes		
<input type="checkbox"/>	Award winning customer service?	Yes		
<input type="checkbox"/>	Easy online enrollment for new employees?	Yes		
<input type="checkbox"/>	Online details about year-to-date deductible, coinsurance and co-payment amounts paid?	Yes		

Matters to you	Value-Added Benefits/Advantages	Available from Blue Cross	Other insurer	Other insurer
<input type="checkbox"/>	Worldwide ID card recognition and coverage	Yes		
<input type="checkbox"/>	Are specific health conditions excluded from coverage by riders?	No		
<input type="checkbox"/>	Complimentary discount and health & wellness awareness program available?	Yes		
Matters to you	Choice of Coverage	Available from Blue Cross	Other insurer	Other insurer
<input type="checkbox"/>	Offers plans in the following metal levels: Bronze, Silver, Gold and Platinum	Yes		
<input type="checkbox"/>	Offers dual and quad options	Yes		
Matters to you	Type of Benefits	Available from Blue Cross	Other insurer	Other insurer
<input type="checkbox"/>	Accidental injury care	Yes		
<input type="checkbox"/>	Adult vision	Yes		
<input type="checkbox"/>	Dental (accident or injury)	Yes		
<input type="checkbox"/>	Doctor's office visits	Yes		
<input type="checkbox"/>	ICU and CCU care	Yes		
<input type="checkbox"/>	Lab and radiology	Yes		
<input type="checkbox"/>	Medical, surgical, therapeutic and exploratory	Yes		
<input type="checkbox"/>	Outpatient surgery and treatment	Yes		
<input type="checkbox"/>	Prescription drug plans – multiple options	Yes		
<input type="checkbox"/>	Preventive care paid at 100% of allowable charge; variety of services including health and cancer screenings; immunizations and vaccinations; and well-woman visits and contraception	Yes		

Matters to you	Plan/Provider Considerations	Available from Blue Cross	Other insurer	Other insurer
	<p>Your choice of plans and providers.</p> <p>BlueCare Plans:</p> <ul style="list-style-type: none"> • Allows you to take your benefits across the country and around the world. • Includes covered services from 99% of medical doctors and 100% of medical facilities contracting in our 103-county service area, excluding Johnson and Wyandotte counties. <p><input type="checkbox"/></p> <p>BlueCare EPO Plans:</p> <ul style="list-style-type: none"> • Includes covered services from 99% of medical doctors and 100% of medical facilities contracting in our 103-county service area, excluding Johnson and Wyandotte counties. • Requires member to doctor in our Kansas network, excluding Johnson and Wyandotte counties. • Results in reduced premium for member. 	Yes		
<input type="checkbox"/>	Are you required to select a primary doctor or choose from a list of doctors?	No. You may use the contracting doctors listed above, with no limit.		

Matters to you	Health Plan Types	Available from Blue Cross	Other insurer	Other insurer
<input type="checkbox"/>	Simple enrollment process with no health history required	Yes		
<input type="checkbox"/>	Cannot drop or deny coverage based on health conditions or past claims	Yes		
<input type="checkbox"/>	Legally required to cover those with pre-existing conditions	Yes		
<input type="checkbox"/>	Covers all mandated services, including maternity care, mental health services, chiropractors	Yes		
<input type="checkbox"/>	Regulated by Kansas Insurance Department and guaranteed	Yes		
<input type="checkbox"/>	No waiting periods for coverage	Yes		
<input type="checkbox"/>	Price not determined by your health history	Yes		
<input type="checkbox"/>	Collect ACA fees and pay on behalf of group	Yes		
Matters to you	Level-Funded Options (for groups with 5-50 employees)	Available from Blue Cross	Other insurer	Other insurer
<input type="checkbox"/>	ACA-compliant – group assumes privacy obligation and ACA fee submission	Yes		
<input type="checkbox"/>	Multiple plan options	Yes		
<input type="checkbox"/>	Advanced pharmacy benefits	Yes		
<input type="checkbox"/>	Composite rating – premium based on the average risk profile of the group	Yes		

This brochure provides a brief description of some important features and exclusions of this benefit program. It is not a legal document. The contract sets forth in detail the rights and obligations of both you and Blue Cross and Blue Shield of Kansas.

When you're ready, we're here for you.

We help thousands of Kansas business owners with their health insurance needs. Call to speak to a local, small business group specialist who can walk you through the process.

We are available 8 a.m. to 4:30 p.m.
Monday through Friday.

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Visit us at bcbsks.com/smallbiz



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