



Ne Cede Malis Insurance Solutions

YIELD NOT TO MISFORTUNES – GET COVERED

IN THIS ISSUE – GROUP HEALTH INSURANCE

Group Health Insurance

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Are you self-employed?

According to the [IRS](#) one is considered self-employed if one of the following apply:

- You carry on a trade or business as a sole proprietor or an independent contractor.
- You are a member of a partnership that carries on a trade or business.
- You are otherwise in business for yourself (including a part-time business)

Self Employed Statistics

In a 2019 small business profile report by the Small Business Administration ([SBA](#)) you are NOT alone. Small businesses employ approximately 47.3% of the private workforce. Some states issue group health insurance policies to self-employed groups of one. [KFF](#) has outlines which states allow for groups of one. California is not one of those states. If you work for yourself and have no employees, you are considered a small group of one.

Group Health Insurance Options

You can ONLY buy group health insurance when you are self-employed and have employees if your business is in California. In such case you may buy an [individual health insurance policy](#).

Another option is the stand-alone [health reimbursement account \(HRA\)](#), which is an employer-funded group health plan from which you are reimbursed tax-free for qualified medical expenses up to a certain amount. These are tax-free accounts to pay health care costs. They are not insurance. An employer can set one up and put tax-free money into the account. You can use the money in the account to pay your deductible and co-pays.

If you have at least one employee (someone who is not an independent contractor, your spouse, or a business partner or part-owner of the company), you can buy group health insurance. We have agents ready to help structure a health insurance place that is cost efficient for your business. For instance, some small businesses use a [qualified small employer health reimbursement arrangements \(QSEHRAs\)](#) allow small businesses to help employees pay for healthcare expenses with tax-free reimbursements. QSEHRA is available to employers with up to 49 employees. Working with an agent is usually the best way to buy health insurance because it requires little work on your part, and you get access to a wide variety of self-employed health insurance plans. The variety of plans that an agent can sell depends on the insurance agency the agent is contracted with. Another reason why you would want to work with an agent is to maximize your time.

By shopping for group health insurance for self-employed business owners through an agent, you can get:

- No-cost consultation service that includes a complete cost-analysis of your health insurance needs
- A professional who can meet face-to-face with each of your employees and be there year-round to answer benefit questions
- Advice from a licensed professional who's knowledgeable about the group health market
- Help from someone local in your area, which could make it easy to get to your office

Working with an agent can help with employee satisfaction. Because a licensed insurance agent can provide employees with a greater level of service by assessing their health coverage needs, explaining different plan options, and even identifying where supplemental insurance can help fill the gaps in major health coverage, this may create better employee satisfaction and retention.



Your small business may qualify for a tax credit of up to 50 percent if you have fewer than 25 employees, but this comes with certain requirements:

1. You have to buy a Small Business Health Options (SHOP) plan for at least two years.
2. Your employees can't earn more than \$50,000 in average annual wages.
3. You must pay for at least 50 percent of employees' premium costs.

Compared to self-employed workers' health insurance coverage outside the SHOP marketplace, it has been reported that the SHOP has fewer plans, many states only offer plans from one insurance company, and available plans are usually the more expensive options. A health insurance agent can help you evaluate whether a SHOP plan makes sense for your business.

Life Insurance
Auto and Recreational Vehicle Insurance
Home Insurance
Pet Insurance
Workman Compensation Insurance

Group Health Insurance
Commercial & Business Insurance
Professional Liability Insurance
Travel Insurance
Disability Insurance
Other Types of Insurance

Individual Health Insurance
Dental Insurance
Vision Insurance
Medicare Supplemental Insurance
Cyber Liability

Choosing a Group Health Insurance Plan

The type of group health plan you choose may depend on whether or not you have employees. If you have no employees, then how you go about choosing group health insurance for your self-employed business may be the same as if you were buying individual health coverage or family health insurance. If you have employees, then you have to consider things like how much you can afford to contribute toward employee premiums (most insurance companies require at least 50 percent of premium cost), the network of providers employees would have access to, and the amount employees would have to pay for a plan that has a deductible. The goal is to pick a plan that makes financial sense for your business while also being what is best for your employees. There are various types of plans you may select from (each having their particular benefits and costs):

- Health Maintenance Organization (HMO)
- Preferred Provider Organization (PPO)
- Point of Service (POS)
- High Deductible Health Plans (HDHP)
- Fee-for-Service (FFS)



Other Alternatives

On Friday, June 14, 2019, President Donald J. Trump announced the expansion of Health Reimbursement Arrangements (HRA) to benefit small businesses and their employees. These plans may be effective as The new Individual Coverage HRA (ICHRA) returns consumer choice and affordability to employer-based health coverage.

The ICHRA works much the same as other HRAs, with the following important differences:

- Reimburses individual coverage (IC) premiums from open market or exchange;
- Can also reimburse employees for all other IRS 213(d) allowed medical expenses (see [IRS Publication 502](#)) in addition to IC premium;
- Available to businesses with any number of employees;
- Participating employees are no longer eligible for a premium tax credit for coverage purchased on an exchange; and,
- Employees may opt out of HRA reimbursements to retain eligibility for premium tax credit.

Life Insurance

Auto and Recreational Vehicle Insurance

Home Insurance

Pet Insurance

Workman Compensation Insurance

Group Health Insurance

Commercial & Business Insurance

Professional Liability Insurance

Travel Insurance

Disability Insurance

Other Types of Insurance

Individual Health Insurance

Dental Insurance

Vision Insurance

Medicare Supplemental Insurance

Cyber Liability

Setting up of an ICHRA

1. **Pick a start date.** The first step is to establish a start date. Many companies tend to think about benefits on a calendar year basis during open enrollment, but an ICHRA may happen any time of year and will trigger a special enrollment period so employees can find plans on the individual market outside of the open enrollment dates.
2. **Set a cancellation date for your group policy (if applicable).** This step is only for business owners currently offering group health insurance. Such an employer will need to cancel the group plan coverage before the start date of the new ICHRA. In order to avoid any gaps in coverage, ensure the group plan ends one day before the ICHRA begins.
3. **Decide who will be eligible.** With an ICHRA an employer can divide employees into nine classes to determine what kind of benefit they receive. These classes include full time, part time, seasonal, employees working abroad, employees in a waiting period, employees working under a collective bargaining agreement, employees working outside the geographical area of the business, salaried employees, non-salaried employees, temporary employees of a staffing firm, or a combination of any of those. Remember, employees must maintain Minimum Essential Coverage to be eligible, regardless of their class.
4. **Determine a budget and set allowances.** Next step is to determine how much an employer shall give employees to reimburse them for premium costs and medical expenses. An employer can set a different monthly allowance for varying classes that you choose to include, and can even integrate this option with a traditional group plan. In addition, an employer can increase allowance amounts based on family size or age. Furthermore, there's no minimum or maximum limits on contributions.
5. **Establish legal plan documents.** The IRS and Department of Labor have a variety of rules to follow regarding HRAs. Failure to comply with the rules will result in penalties. An employer's legal plan documents, which should include a formal plan document and summary plan document, must include the ICHRA policies including monthly reimbursement amounts, class structure, claims processes, reimbursement eligibility, and information on HIPAA and other procedures involving privacy.
6. **Communicate new benefit to employees.** Employers should communicate practical information to employees that should include: start date, annual HRA allowance, and how to obtain coverage.
7. **Provide resources for employees to purchase individual health insurance.** Choosing a health insurance plan on the individual market is a daunting task, especially if this is new territory for your employees. As an employer, you can provide your employees with tools and information to guide their decision making. Just beware, federal rules prohibit employers from being involved in the actual decision making when it comes to choosing a provider or policy. Get a health insurance agent involved.

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US Tax Considerations

If you work for yourself, you could be eligible for a self-employed health insurance deduction. If so, you can adjust your gross income when filing your tax return by deducting 100% of your health insurance premiums—including dental and long-term care—for your household (you and your dependents). To find out if you are eligible, you should consult with a US tax professional. If you are allowed to take the self-employed health insurance deduction, this will not prevent you from taking advantage of the Affordable Care Act's premium tax credits, if you are eligible for those as well.

Ne Cede Malis Insurance Solutions

www.necedemalisinsurance.com

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We can cover all your insurance needs. Our licensed agents will gladly walk you through the myriad of complexity to help accommodate your needs. We provide one stop insurance services. Accordingly, we work with various insurance carriers to obtain the best fit for you. We also collaborate with other independent agents to ensure we have a wide net of plans to offer.

For insurance coverage visit www.necedemalisinsurance.com

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