

# Should You Offer Health Insurance to Your Employees?

Here are some things to consider.

by Sabine Barrett, Employer Relations Manager  
Physicians Health Plan



✉ sbarrett@phpni.com

☎ (260) 432-6690 ext. 370

🌐 phpni.com

Many small employers (companies with fewer than 50 full-time employees) may not realize how important health benefits are to current and potential employees. Yet, three key drivers of employee satisfaction are benefits employees receive, benefits that meet an employee's needs and satisfaction with an employer's contribution to a benefit plan. (*MetLife U.S. Employee Benefit Trends Study*)

If you are a small employer deciding whether to offer health insurance to your employees or require that they seek their own health insurance options, there's much to consider.

Consider these questions to guide your decision:

- › Does your company's health insurance plan help to attract and retain talented and qualified candidates?
- › Does offering health insurance help avoid financial penalties?
- › Do you gain tax advantages by offering health insurance?
- › Are you eligible for a small business healthcare tax credit?
- › How do rates compare both on and off the marketplace (healthcare.gov)?
- › If you have health insurance in place, will your employees be more satisfied, loyal and enjoy better overall health?

Employers can be very helpful in increasing employees' confidence levels about the benefits they are selecting in the ever-changing landscape of health insurance. Trusted, professional guidance can be obtained from an

insurance company, a health insurance consultant or a licensed broker.

Some businesses might want to pay directly for an employee's individual health insurance plan without utilizing an ERISA and HIPAA-compliant Section 105 Plan, but doing so may put the business out of compliance with federal regulations and may increase the business's (and employee's) tax liability. This can happen if an employer does not offer a qualified plan or does not take into account that paying for individual health insurance without a plan becomes taxable income to your employees.

If you employ lower-wage employees (those earning less than 400 percent of the federal poverty limit), they may benefit from tax subsidies offered on the marketplace.

As you are making decisions about how and why your company should consider offering healthcare to your employees, keep in mind:

- › Companies that provide health insurance have a greater percentage of employees at work daily.
- › Employees will often accept better benefits in lieu of larger salaries.
- › Offering health insurance to employees can help protect them from financial peril.
- › Share the bottom line with your employees. Let them know the true cost of their insurance. Tell them how much you contribute and how much they contribute. 🌐