



## Learn This Guide to Small Business Health Insurance Requirements

### Description

Health insurance is one of the most difficult issues for any HR department or small business. There are numerous unknowns regarding the type of plan to provide, how much it will cost, how to administer the plan, and whether you are even obligated to provide a plan.



It doesn't help that the laws and regulations have changed so dramatically in recent years, from President Barack Obama's introduction of the Affordable Care Legislation (ACA) in 2010 to the current administration's attempts to dismantle the act to the impact of the forthcoming election on health insurance coverage.

This is a lot to take in for small firms attempting to stay on the right side of the law while managing costs and keeping staff happy and healthy. That is why we developed this handbook, which covers small business healthcare regulations as well as pertinent health insurance rules.

## 1. What are the health insurance requirements for small business owners?

Some firms must provide health insurance by law, while others are exempt. We'll go over these exemptions in more detail later, but there are some basic criteria when it comes to providing health insurance to your employees.

To begin, every health insurance plan you offer must fulfill the ACA's benefit, coverage, and cost standards. You must also provide health insurance to all qualified employees within the first 90 days of their employment.

## **2. Does the ACA require small businesses to provide health insurance?**

Small firms with less than 50 full-time employees (or the equivalent of part-time workers) are exempt from providing health insurance under the ACA, also known as Obamacare. Because most small enterprises have less than 50 employees, they are excluded. If you have more than 50 full-time employees, you must provide health insurance by law.

The caveat here is that laws do change, particularly as political governments change, so it's critical to have systems in place to stay up to date on the current rules. This could entail subscribing to industry magazines and newsletters, speaking with legal experts, or even reading your HR software vendor's blogs.

## **3. What benefits are there to giving health insurance?**

While there is no legal requirement for a small business to provide health insurance, there are several reasons why you should. Health insurance will help you attract talent because individuals value benefits packages when looking for work.

As a small firm, you may not be able to give the same remuneration as larger corporations, but you can compensate by providing appealing benefits such as health insurance. In reality, two-thirds of businesses give health insurance as a means to recruit and retain workers.

Also, a healthy staff is a happy workforce, and prevention is better than needing to find a cure. Providing health insurance demonstrates to employees that you care about their well-being, which boosts morale, improves satisfaction, and aids in talent retention.

You also want to urge your staff to look after their health — both physical and emotional — as illness-related lost productivity costs US firms roughly \$530 billion per year. There are also financial benefits to providing health insurance.

You can usually deduct your contributions from your taxes, and there are also state-by-state tax benefits available. If you use the Small Business Health Options Program (SHOP) Marketplace to obtain your health insurance, you may also be eligible for federal tax benefits or tax credits.

## 4. How do I get a health insurance policy?

A health insurance policy can be purchased in a variety of ways. The following are the most common for small businesses:

- **Group health insurance policies:** These plans are available through the federally administered SHOP Marketplace. This was once the most popular option for small enterprises, but due to high costs and a lack of flexibility, it is no longer an option for many.
- **Qualified small employer health reimbursement arrangement (QSEHRA):** Established by Congress in December 2016, the QSEHRA is quickly becoming a popular option for small businesses. Businesses grant employees a tax-free monthly allowance, and employees use that money to choose and pay for their own health care. The benefits of QSEHRA include the ability for employees to choose their own plan and the fact that it is far easier to handle administratively.
- **Association health plans:** Small businesses can band together with other small businesses to purchase large-group health insurance (which is reserved for companies with more than 50 employees). This operates in the same manner as a standard group health insurance coverage.

## 5. How many employees are required to be eligible for group health insurance?

Group health insurance is a more cost-effective solution for small businesses to provide health insurance than purchasing individual coverage. To qualify for group health insurance, a company must have fewer than 50 employees.

You must also have an office in the state where you're applying for coverage (even if it's just a desk in a coworking space), and you must enroll at least 70% of your uninsured employees. If you own a family-run business, you should evaluate your eligibility for group health insurance since you must have employees who are not related to or married to the company's owner.

If you just hire family members, you must instead apply for a family health insurance plan. Sole owners are also ineligible for group health insurance. Part-time and seasonal employees are not considered members of the group, but you can still choose to provide them with group health insurance. In addition to your group plan, you can give individual health insurance to certain employees.

## 6. What is the bare minimum for an employer's contribution to health insurance?

If you meet the qualifications and choose a group health insurance plan, you must pay at least half of the monthly premiums. You must also permit employees to cover their dependant children until they reach the age of 26, even if they do not live at home. There are no minimum contribution restrictions if you acquire health insurance through the QSEHRA, and you can select how much to give each employee each month.

## **7. Is it required for small-business employers to report health insurance on Form W-2?**

Employers are required by the ACA to report the cost of coverage under an employer-sponsored group health plan on an employee's Form W-2. The cost reported should include both the employer's and the employee's contributions. These forms do not require you to disclose dental, vision, liability insurance, or wellness programs.

While you must disclose health insurance costs on this form, this contribution is not taxed. Many businesses are eligible for tax breaks on their payments.

## **8. Where can I obtain assistance with managing my health insurance plan?**

After selecting a small company health insurance plan, you must administer it to ensure that it is cost-effective and meets the essential requirements. This is where HR software can come in handy. Maintain a competitive advantage.

Employee health insurance can be expensive, time-consuming, and confusing, but it can also be helpful in terms of attracting and retaining talent, increasing employee morale and satisfaction, and increasing productivity levels. You must analyze your options and choose the best path forward for your company.

Consult with legal experts, find out what your employees believe about if health insurance is a priority, and seek assistance from your HR software vendor, who should have extensive experience in benefits management. Then do what is best for you in order to manage your business efficiently. It's a big decision, so don't rush it.

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1. Insurance

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### **Author**

tcanoah