



Health Care Headaches for Small Business

Health insurance can be confusing, complicated and expensive for small-business owners. And if you have 50 or more full-time employees, you're required to provide employer-sponsored health insurance. So, what options are available for lowering health care costs?

HEALTH CARE HEADACHES FOR SMALL BUSINESS



More than half of small-business owners report the cost of health insurance has eaten into their profits – and if you have 50 or more full-time employees, offering health insurance isn't just a nice benefit, it's the law. But no matter your situation, you can find ways to minimize the burden of health insurance. Thoroughly research your options and consider how much your business can afford to spend on the health care needs of your employees. See just how great the burden has been – and what you can do about it.

SMALL-BUSINESS OWNER PROBLEMS: HEALTH CARE IS NUMBER 1¹

According to the 2016 edition of the National Federation of Independent Business's *Small Business Problems & Priorities* survey, providing employer-sponsored health insurance is the top concern of small business owners:

TOP 5 BUSINESS CONCERNS OF SMALL BUSINESS OWNERS

- 1.** Cost of Health Insurance
- 2.** Unreasonable Government Regulations
- 3.** Federal Taxes on Business Income
- 4.** Uncertainty over Economic Conditions
- 5.** Tax Complexity

The cost of health insurance has remained the **TOP PROBLEM SINCE 1986.**

In 2016, cost outranked unreasonable government regulations, the second-greatest concern, by **19 percentage points.**

52.3% of small-business owners consider the cost of health insurance a critical concern.

Nearly **2 out of 3** small-business employers report Affordable Care Act regulations as "somewhat" or "very burdensome."²

RISING COSTS FOR SMALL BUSINESSES

Between 2003 and 2016, the smallest firms (with fewer than 50 employees) saw single premiums increase **67.5%.³**

In 2015, **95%** of small businesses reported increased health insurance costs over the past five years.⁴

DIMINISHING HEALTH CARE BENEFITS

60% of small-business owners not offering health insurance, **52%** say cost is the reason.⁵

62% of small-business owners say their employee health insurance has been hurt because of **high compliance costs** (due to regulatory requirements).²

OTHER INSURANCE OPTIONS BEYOND GOVERNMENT MARKETPLACES

<p>TRADE OR PROFESSIONAL ASSOCIATION⁶</p> <p>PRO:</p> <p>↓ %</p> <p>Lower rates or discounts if you're a member</p> <p>CON:</p> <p>☐ ☑</p> <p>Few or limited options</p>	<p>DIRECT PURCHASE⁷</p> <p>PRO:</p> <p>💰</p> <p>Cost savings</p> <p>CON:</p> <p>📄</p> <p>Limited selection; responsible for all paperwork</p>	<p>HEALTH REIMBURSEMENT AGREEMENT (HRA)⁸</p> <p>PRO:</p> <p>💵</p> <p>Cost control; flexibility</p> <p>CON:</p> <p>TAX</p> <p>Limited tax benefits</p>
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Sources
¹ Small Business Problems & Priorities, NFIB Research Foundation, 2016.
² 2017 NSBA Small Business Regulations Survey, National Small Business Association, 2017
³ Medical Expenditure Panel Survey Insurance Component 2016 Chartbook, Agency for Healthcare Research and Quality, 2017
⁴ NSBA 2015 Small Business Health Care Survey, National Small Business Association, 2015
⁵ Small Business's Introduction to the Affordable Care Act, Part III, NFIB Research Foundation, 2015
⁶ Trade Associations, Health Care Coverage Guide, Small Business Majority, 2017
⁷ Health Insurance: The 4 Best Options for Small Businesses, Inc., 2016
⁸ Top 5 Health Insurance Options for Small Groups 2017, PeopleKeep, 2017

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