

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.

Offering health insurance is a powerful way for businesses to attract and retain top talent while promoting employee well-being. As health care costs continue to rise, employees increasingly value the security that comes with comprehensive health coverage, making it a key factor in their decision to join or remain with a company.

For more than 80 years, Blue Cross and Blue Shield of Kansas (BCBSKS) has built a reputation of trust with employers, members and contracting providers. As the state's only local and not-for-profit health plan, we work to understand and anticipate the needs of our nearly one million members across Kansas. By improving access to affordable health coverage and quality care, we are opening opportunities for businesses to attract and retain top talent.

We understand it is a big investment with many factors to consider as an employer. Here's the good news — BCBSKS can help. Not only do we want to create a better experience for your employees, we want to do the same for you as the employer. With flexible plan options, integrated pharmacy benefits, a local customer service team and member discounts, you and your employees will benefit from having BCBSKS for your health plan.

What matters most to you?

There is much to consider when choosing an employee health care plan and every business is unique. Businesses should consider costs, employee needs, wellness programs and employee support, tax benefits and more.

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



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Let's get started

Eligibility requirements for small businesses

There are federal requirements to keep in mind when you consider offering a group health 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. For businesses with fewer than 50 employees, offering health insurance is voluntary. That means it's up to the employer to decide whether to provide it as a benefit.

If you are a sole proprietor, you would qualify for an individual insurance plan.

BCBSKS offers a variety of plan options for small businesses with one or more full-time employees, including level-funded plans to groups with three or more full-time employees.

Here is a quick guide to understanding eligibility for a BCBSKS small businesses health plan:

- ✓ The business must be headquartered in Kansas. BCBSKS serves all counties in Kansas except Johnson and Wyandotte.
- ✓ There must be at least one full-time eligible W-2 employee other than the owner. If only two full-time eligible employees, additional documentation is required.*
- ✓ An owner and a spouse business is eligible for a group plan (legal documentation is required on the spouse).
- ✓ A child under age 18, paid as a W-2 employee, is considered an eligible employee.
- ✓ Groups with three or more full-time employees are not required to submit documentation.

*Acceptable forms of documentation for these eligibility requirements include a W-2, KW-3, payroll register, or employer quarterly wage and tax statement. BCBSKS relies on employers to determine eligible employees based on state and federal guidelines.

Employee eligibility

Most often, 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.

For employees working less than 30 hours per week, health and dental insurance is not available, but some life insurance, cancer and hospital indemnity plans are available. Speak to your BCBSKS specialist for details and to learn all your options.

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

Affordable Care Act (ACA) 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.

Group plans typically include coverage for dependents of eligible employees. 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.

The benefits of offering health insurance

Lower premiums

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. One way small group plans save money is by sharing costs. Since many people, including employees from other businesses in Kansas, are part of the plan, the cost is spread out. With more people paying in, there's more money available to cover medical costs when someone needs care.

If you are interested in having more control over your health plan, ask about our level-funded plan options.

Small business health insurance tax credit

A small business could qualify for a 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 business has 25 or fewer full-time equivalent (FTE) employees (to receive the maximum tax credit, the business must have at least 10 employees).
- Employee average wage is approximately \$56,000 per year or less (in 2019; adjusted annually for inflation).
- The small business pays at least 50% of qualified employees' premiums.
- The small business buys an Affordable Care Act (ACA) plan through a private insurer like BCBSKS.

A business should speak with a tax advisor and weigh the qualifications required to receive the tax credit before deciding on this type of plan.

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.

Small business plan options

There are a variety of options for small business owners. Before choosing your plan, consider the balance between cost and flexibility based on your employees' needs.

Network options

There are a variety of options for small business owners. For example, an exclusive provider organization (EPO) network plan limits members to only in-network providers and may offer a more affordable option compared to a preferred provider organization (PPO) network plan which allows members to seek care at both in-network and out-of-network providers nationwide.

High-deductible health plans

A high-deductible health plan (HDHP), paired with a health savings account (HSA), lowers premiums and provides your employees with tax advantages. A HDHP plan may be an option alongside non-HDHP plans and are available with both BlueCare and level-funded plans.

Level-funded plans

If your company has three or more full-time employees, a level-funded health plan offers more predictable monthly costs for businesses. Visit bcbsks.com/level-funded for more information.

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.

Additional employer information

Health plan premiums

As a small business owner, you have the option of how much of the premiums you pay for your employees. You could choose to pay the full amount or ask employees to pay for a portion out of their paychecks. If a business is eligible for the tax credit, 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 other health insurance companies do.

Tax reporting requirements

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.

Enroll any time

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 BCBSKS small business team member 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. BCBSKS can also offer your employees dental, vision, life, hospital indemnity and cancer insurance policies.

Here for you

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% of all providers in our service area, with 99% of all medical doctors and 100% of eligible hospitals. 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	

Additional resources

We know you're busy so we made these online tools available 24/7.

If you would like to learn more details about the different plan options available to you, visit bcbsks.com/smallbiz to download our digital resource guide. We encourage you to browse the plans we offer, get a no obligation quote or reach out to a sales consultant to find the plan that best fits your needs.



Get your free quick quote at bcbsks.com/smallbiz

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



Need more information? Visit our Employer Resource Center at bcbsks.com/answers

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 sales consultant who can walk you through the process. We are available 8 a.m. to 4:30 p.m. Monday through Friday.

866-584-0171

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Get a quote online at **bcbsks.com/smallbiz**

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