A Starter Guide to Small Business Health Benefits

It's a big commitment to pay for and administer health benefits for your employees. But as a small business, offering group health insurance is one of the biggest advantages you have for attracting talent and improving employee production and retention—especially in challenging times.

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Five reasons to offer employees health benefits

It's what employees want.

Health insurance is the top valued benefit by employees.[1]

It gives you a competitive advantage in hiring.

If employees are choosing between gigs, they might be more likely to join your company over another that doesn't offer health benefits.

It's a smart tax move.

Premium contributions are pre-tax, and companies with over 50 full-time employees have to pay a tax penalty for not providing health benefits.

It minimizes sick days.

Illness-related lost productivity costs employers $530 billion per year. Source

It helps with retention.

Employees are less likely to leave if they have great benefits.[2]

[1] 2018 AICPA study "How well do Americans understand workplace benefits?", pg. 5
Link: http://finlit360.wpengine.com/wp-content/uploads/2018/11/AICPA_Benefits_Whitepaper_11-27.pdf

[2] AHIP "The Value of Employer-Provided Coverage" 2018 Survey, pg. 27
Link: https://www.ahip.org/wp-content/uploads/2018/02/AHIP_LGP_ValueOfESIResearch_Print_2.5.18.pdf
"56% of survey respondents say that health insurance impacts their choice to stay at their current job"

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What employees want in a health plan

Transparency

75%

of patients look at price transparency prior to accessing care. ("TransUnion Healthcare Patient Survey, August 2019" Source)

With health care costs in the U.S. continuing to increase every year, consumers want to know what care they're getting, how much it costs, and why they need it.

Simplicity

18%

of employees are dissatisfied with an employer-sponsored plan that is too confusing. (Source)

Many employees want simple, clearly explained plan information so they can make informed choices about how to use their plan.

Technology

26%

of people on employer-sponsored plans are looking for online tools and apps to provide information about their insurance options. (Source)

Employees want to be in control of their health care.

Personalization

18%

of employees say that more personalized health care plans are an area for improvement. (Source)

Consumers regularly receive personalized shopping and media recommendations, and they now expect the same kind of personalization in their health care experience. They want to be heard, understood, and given clear, personalized directions on what to do.

Comprehensive coverage

39%

of Americans who receive health care through their workplace cite comprehensive coverage as the main factor driving their satisfaction in their current health plan. (Source)

Employees want to ensure that the benefits, care, and treatment important to their health needs are covered.

Mindfulness

57%

of employers plan to focus on mental and behavioral health over the next three years.

{ Source: Willis Tower Watson Survey }

Employees want coverage and resources for both body and mind.

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Health insurance plan basics

Before you can make smart decisions about which insurance plans to offer, it's important to understand a few basic elements. These have the potential to impact value and costs for you and your employees.

Cost components

Insurance plans are built around a few different types of costs that directly impact health care spending for your business and employees.

Premium

A premium is the monthly payment required to have an active health plan. It can be paid fully by an employee, by an employee and your business, or fully by your business.

Copay

A fixed dollar amount an employee will spend on covered service at each time they seek a service—such as a visit to an urgent care center or filling a prescription.

Out-of-pocket max

An out-of-pocket max is the maximum amount an employee will pay for health care during the year. After they meet this amount, their plan will pay for all covered medical expenses.

Deductible

A deductible is the amount an employee will spend on covered services before their plan starts paying for care.

Out-of-pocket

Out-of-pocket expenses include any money an employee pays toward covered health care expenses, including copays and coinsurance.

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Health plan types

There are several types of health plans to get familiar with. All health plans will give employees access to a health network. A network is the group of doctors, medical groups, and labs members have access to as part of their insurance plan. Plans are designed to balance care access to networks and cost. Here are the four main types of health plans.

HMOs (Health Maintenance Orgs)

Lower price and limited access to care

Small networks designed around a single medical group or hospital system.

You must select a primary care doctor, and referrals are required before you go to a specialist, lab, or other medical facility. Generally, out-of-network care isn't covered.

POSs (Point of Service)

Moderate price and broader access to care

Broad networks that fall somewhere between HMOs and PPOs.

They provide lower costs when you see in-network doctors, and include coverage for out-of-network care with a referral. You must have a primary care doctor and get referrals to see a specialist, even if they're in-network.

EPOs (Exclusive Provider Orgs)

Good price and best access to care for price

Smaller networks that combine the flexibility of a PPO with the cost savings of an HMO.

You don't need to choose a primary care doctor or ask for referrals. Care is covered by doctors and facilities in the network, Care is covered by doctors and facilities only in-network (except in emergencies.).

PPOs (Preferred Provider Orgs)

Most expensive and broadest access to care

Broad networks that typically cover care from in-network and out-of-network doctors and facilities.

You don't have to choose a primary care doctor, and referrals aren't required to see a specialist.

Plan design basics

Insurance plans come in a variety of shapes and sizes. How an insurance plan is designed will impact how (and how much) your business and employees pay for health care.

Traditional

Traditional plans are available from almost every insurance company. They follow a standardized metal tier structure* and cost share between the employee and the insurer.

Bronze plan

Low premium, high deductible

60% of covered health costs paid by insurer, 40% paid by employee.

Silver plan

Moderate premium, moderate deductible

70% of covered health costs paid by insurer, 30% paid by employee.

Gold plan

Higher premium, lower deductible

80% of covered health costs paid by insurer, 20% paid by employee.

Platinum plan

Highest premium, lowest deductible

90% of covered health costs paid by insurer, 10% paid by employee.

HSA–compatible

HSA-compatible plans are high-deductible plans that work with a health savings account (HSA). Employees choose how much to contribute to their account and use this pre-tax money to pay for health care expenses.**

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*Metal tier structure varies and is subject to plan deductibles, co-payments, and coinsurance.
** Coverage is subject to plan deductibles, co-payments and coinsurance. See your plan documents for details.

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How to choose quality, cost-effective health benefits

Cost considerations

Premiums

The lowest-premium plans can place more of the financial burden on employees, even if they're most affordable for your business. Consider the cost of plans for both you and your employees.

Contribution amounts

Some insurers have a minimum contribution amount .for plan premiums, so ask your broker or insurance carrier about requirements.

Participation requirements

Most insurers require a certain percentage of your employees to purchase plans through them. Ask your broker or insurance carrier for details.

Doctor preferences

It's hard to meet everyone's needs when it comes to doctor preferences. Some people are happy to pay more for access to specific providers, while others aren't.

Employee considerations

Personalization
Work with insurers who invest in a personalized, consumer-first experience.

Cost
Give cost-conscious employees the option to buy a more affordable plan.

Convenience
Choose plans that cover convenient care options like telemedicine, urgent care, and retail clinics.

Wellness Perks
Look for plans that provide wellness perks such as step-tracking rewards, classes, and workshops, so even healthy employees get value from their plan.

A range of options
Offer plans that cover people with varying health needs and budgets. You can offer a mix of health plans while setting the business contribution to one of the lower cost options.

Customer service
Find a plan that will help your employees navigate their benefits. Choose an insurance company with a dedicated customer service team, so your employees can get questions answered quickly.

Technology
Choose an insurance company that empowers its members with data and technology so they can better understand their health and medical costs.

Doctor Choices
Health plans with a broad network of doctors is important to some employees, while others are satisfied with a narrow list. Look for an insurance company that can offer both without complicated rules.

Whole person health
A health plan with a comprehensive mental and behavioral network to support emotional wellbeing.

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Looking for group health plans? We've got you covered.

The Cigna + Oscar mission is devoted to providing health insurance that's helpful and easy to understand, with a personalized customer experience and benefits that feel good to use.

Talk to your broker or call us at 855-OSCAR-84 for more information.

Cigna + Oscar coverage is insured by Cigna Health and Life Insurance Company.

Product availability may vary by location and plan type and is subject to change. All group health insurance policies and health benefit plans contain exclusions and limitations. For costs and complete details of coverage, contact an Oscar representative. Coverage is subject to plan deductibles, co-payments and coinsurance. See your plan documents for details.

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