



Tips for picking the best health insurance plan for a small business

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Choosing a company health insurance plan can be daunting for small business owners. But a new government website that compares health insurance options is just one of many ways that small employers can ensure the best health insurance coverage for their employees.

The federal website HealthCare.gov has compiled information from 530 insurers and 2,700 coverage plans across the country. While the site does not make recommendations about specific insurers, users can sort insurance offerings by such factors as Zip code, out-of-pocket limits and the average cost of coverage per enrollee. Employers also can identify deductibles, co-pay options, and benefits such as prescription drug coverage and mental health benefits.

"This new information will help business owners navigate what has traditionally been a complicated and confusing decision," U.S. Health and Human Services Secretary Kathleen Sebelius said when the site was announced.

It's a costly decision as well. Small businesses pay an average of 18 percent more than larger companies for [health insurance](#), according to the U.S. Department of Health and Human Services.

"Most business owners don't have the technical expertise of health insurance to really do a valid comparison," says Kelly Moore, president of Moore Benefits Inc., an employee benefits consulting firm in Irvine, Calif.

While the federal website can offer some guidance, an insurance broker or a benefits consultant can help business owners sift through their options.

Determining your goals

When shopping for health insurance, small business owners should first determine their coverage goals, says Pete Villemain, president of Texas-based Employee Benefit Services.

"They should ask themselves, 'What's the goal and what's important to me? Is it that my employees can go to any doctor that they want? Or is it that I'm only providing health insurance because I think I have to and I just want the cheapest thing possible?'" Villemain says.

Then, employers should make sure their employees can afford the coverage. A business owner might prefer an insurance plan that has a low deductible and a wide variety of choice in physicians – two factors that typically lead to higher premiums, Moore says. However, employees typically have to pay a portion of their [health insurance premiums](#), so an employer-sponsored plan should give an array of options for employees in different salary ranges.



A federal government website is just one of the tools that small business owners can use to shop for health insurance.

Looking beyond price

Employers should rate health insurance plans on factors other than price, though. For example, one insurer might provide better mental health benefits or a more robust dental plan.

Also, look for a plan that fits with your company culture. For example, a business that prides itself on workforce diversity can access the [HealthCare.gov](https://www.healthcare.gov) site to identify insurance plans that cover domestic partners.

Another thing small business owners must consider when choosing a health insurance benefits plan is longevity. Will a particular plan still be affordable for the business as the workforce grows?

For example, Villemain has seen cases when companies start out with two or three employees in their 20s. Since it's relatively inexpensive to insure young, healthy employees, business owners in this situation often select an insurance plan that's full of benefits. However, as these companies grow and add employees in all age ranges, "the premiums go through the roof and then they have to cut back the benefits plan," Villemain says.

A better option would be to start with something less expensive and see how that goes, Villemain suggests. "You have to think long-term; don't just look at today," he says.