
Navigating Health Care: Five Takeaways for Small and Mid-Sized Businesses



Contents

Introduction	3
Finding 1: Offering health care benefits is considered a fundamental business value for SMBs – and employees expect coverage, regardless of company size.	5
Finding 2: Making financial tradeoffs to maintain continuity in health care coverage is commonplace.	7
Finding 3: Relying on outside sources, like brokers, is necessary for SMBs, but they also spend significant time and effort researching and vetting recommendations on their own.	9
Finding 4: Implementing new, innovative solutions is deemed a viable option to improve health care offerings, but limited bandwidth and knowledge gaps hinder action.	12
Finding 5: Access to a centralized, unbiased, and transparent resource hub is critical to health care decision-making.	14
Comparison by Business Size	17
Conclusion	18
Acknowledgments	20
Disclaimer	20
References	20



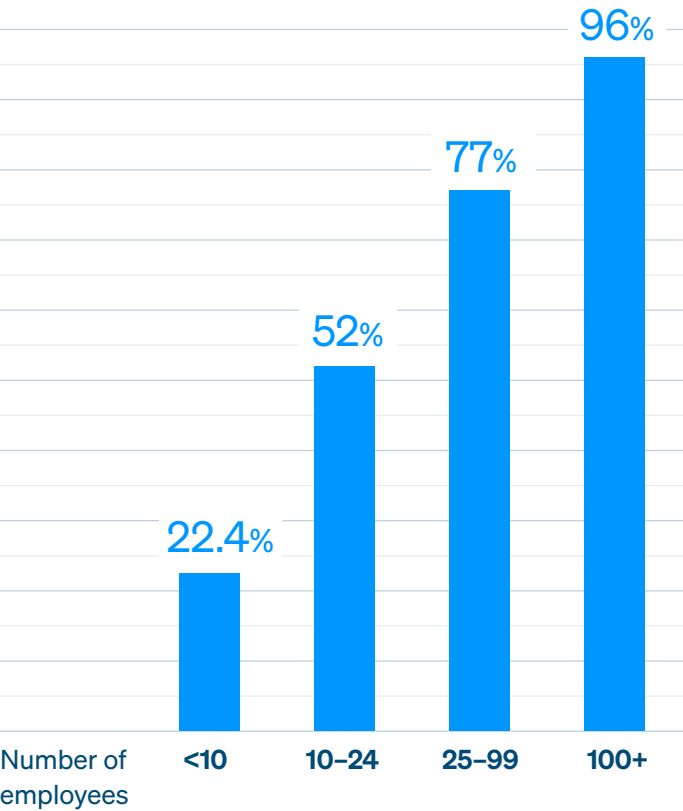
Navigating Health Care: Five Takeaways for Small and Mid-Sized Businesses

Small and medium-sized businesses (SMBs) are vital contributors to the national and global economy, driving innovation, job growth, community development, and product innovation across all industries. Small businesses employ 59 million Americans¹ – almost half (45.9%) of American workers – and represent an important component of the employer-sponsored health insurance market. Rates of offering health care coverage vary by business size according to 2023 national data²: as high as 96% for firms with 100+ employees, 77% for firms with 25-99 employees, down to 52% with 10-24 employees and lowest at 22.4% with <10 employees.

Unlike large corporations, SMBs often lack the bandwidth and resources to vet multiple options or negotiate better terms for their health insurance that may affect their ability to recruit and retain talent. SMBs also face different regulations and requirements, which may change as they grow from small to medium size, further complicating decision-making around benefits. These dynamics create uniquely difficult circumstances for SMBs navigating benefits procurement and management.

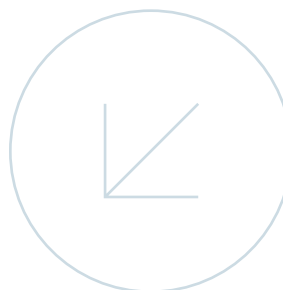
As part of JPMorganChase’s ongoing work to support SMBs as the U.S.’s primary small business bank, Morgan Health invests in and builds solutions that serve SMBs – particularly their healthcare benefits needs. To understand SMBs’ challenges and motivations in purchasing health benefits, Morgan Health conducted in-depth interviews and group discussions with 31 SMB business leaders in charge of benefits selection, including founders/owners, CEOs/COOs, and heads/VPs of human resources and operations. These qualitative data were

Rates of offering health care coverage by business size

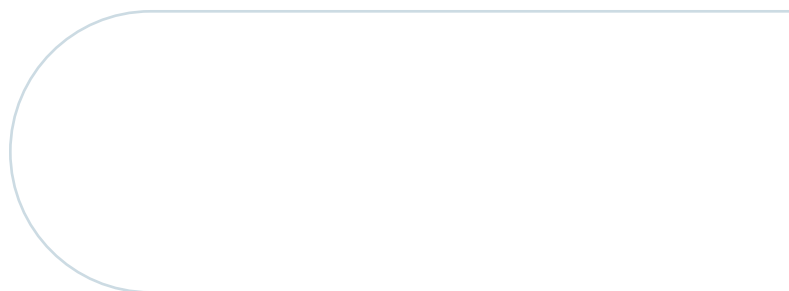




collected through virtual interviews and discussions via video conference between mid-November 2024 and early January 2025. The sample was stratified evenly by business size: <50 employees, 51-100 employees, 101-500 employees. Each business size had six to seven in-depth interviews and one small group discussion with four business leaders. Businesses were from multiple industries and from across the country. This white paper presents themes from these interviews and discussions.




The findings reveal a nuanced landscape of how SMBs make decisions about health care benefits and clear opportunities to support SMBs further. SMB leaders view health care benefits as deeply intertwined with company culture and values, a necessary and strategic tool for attracting and retaining talent. However, the financial tradeoffs needed to maintain these benefits often necessitate careful planning and strategic decision-making. Although SMB decision makers rely heavily on brokers for guidance, they also invest considerable additional time to research and vet health benefits options themselves. There is a clear interest in innovative health benefits solutions to address financial pressures, but SMBs face implementation challenges due to limited resources and information gaps. Collectively, these findings highlight a pressing need for unbiased and transparent resources, preferably at a one-stop-shop of benefits information, to aid SMBs in making informed decisions. Morgan Health is presenting these insights to shed additional light on how SMB leaders deploy their benefits, and to share actionable recommendations for SMBs to address their challenges offering health benefits.





Finding 1: Offering health care benefits is considered a fundamental business value for SMBs – and employees expect coverage, regardless of company size.

While businesses with less than 50 full-time equivalent employees are not required to offer health care coverage³, our research found that many SMBs choose to do so, driven by intrinsic company values and the growing expectation among employees for comprehensive benefits packages. For those businesses with more employees who may be required to provide coverage, many stated that the type and extent of health care coverage they offer was similarly a reflection of company values. Regardless of size, all businesses reported that benefits were critical to successful employee recruitment and retention – which drives both business sustainability and growth.



“There was nothing that felt more official to us as being a company than turning on benefits. It showed that we care about our employees.”

Health benefits are integral to company culture and values.

For many SMBs we interviewed, offering health benefits is not just a strategic business decision but also a reflection of their company culture and values: to care about and invest in employees and their health and well-being. Most SMBs would consider ending their benefits as a last resort to continue to operate.

A co-founder and partner of a professional services company with <50 employees remarked, “There was nothing that felt more official to us as being a company than turning on benefits. It showed that we care about our employees.” This sentiment is echoed by a CEO of a construction/architecture business with 51-100 employees, who stated, “We want our team members to be healthy... being able to provide good coverage... it just kind of aligns with our values.” Another founder of a food and drink business with <50 employees remarked, “I want to also set a role model of like you have health insurance no matter what, whatever level, you will always have health insurance.”

When asked about their likelihood to stop offering benefits, all SMB leaders we spoke to cited ending their benefits offerings as a last resort they would consider only after scaling back other parts of the business. A leader from a food & drink business with 51-100 employees shared, “It doesn’t feel like an option to us. We would literally probably close the store or figure



something else out.” Similarly, a technology business with 101-500 employees couldn’t imagine ending their benefits because of the values alignment: “I can’t. I can’t. I think, it’s like in the fabric of our DNA – meaning, it’s so important to us to treat people as humans.”

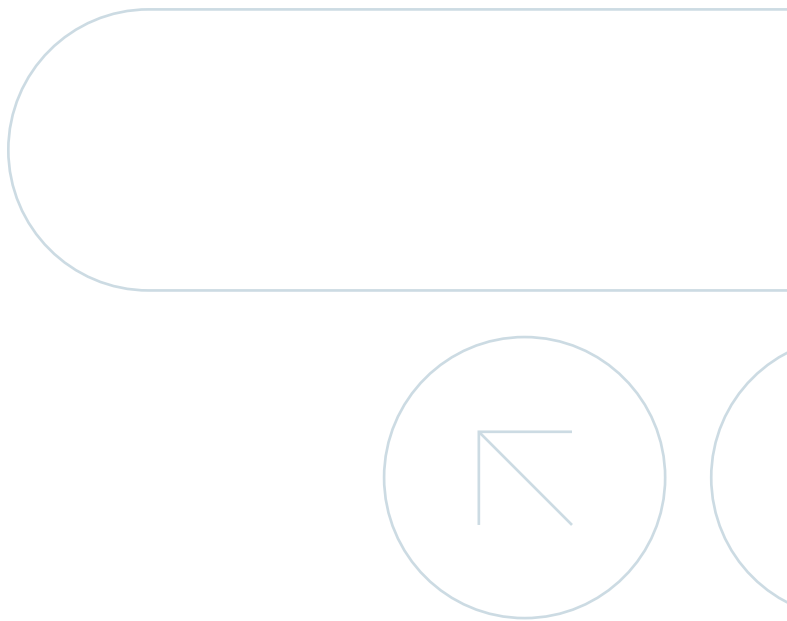
Workers expect employers of all sizes to offer health benefits. The quality of benefits can be an important differentiator for recruiting and retaining talent.

When seeking job opportunities, health benefits are considered a standard expectation among prospective employees – regardless of business size. Although this expectation affects businesses of all sizes, it especially affects small businesses that are not mandated to offer benefits. A founder and CEO of a technology business with <50 employees shared, “Insurance is now becoming more of an expectation rather than a desire, and I really think people expect it. So, if you don’t have it, you’re falling behind the pack.” SMB leaders reported this expectation was particularly pronounced among younger generations. Another founder of a technology company with <50 employees said, “I think if we weren’t offering insurance, we probably wouldn’t be able to hire any... especially Gen Z, millennials. They definitely were not going to work without health insurance.”

SMBs viewed health benefits as a strategic tool for attracting and retaining talent in a competitive job market. A co-founder of a health care/pharmaceuticals business with <50 employees said, “We compete. Our staff competes with jobs that are with large companies, usually. So, to get the best people, we can’t give like these really low-quality benefit solutions to them.” Decision-makers recognized that offering comprehensive health coverage was key to retaining employees as well. A COO of a technology business with <50 employees stated, “I mean, I think the fact that we offer benefits like this has allowed us

to compete for top talent... you don’t want to like, have anybody leave because the benefits are bad.”

Businesses with 50+ employees that must offer health benefits also reported that employee expectations guided the kinds of coverage they offered. For example, businesses of this size reported reassessing their benefits packages continually to ensure they align with industry standards and employee expectations to maintain their competitive edge in the market. One leader of a business with 101-500 employees offered that benefits are “like table stakes at this point. So, it’s a matter of how generous the benefits are in our space.” SMB leaders reported using competitive benefits to position themselves as employers of choice, attracting high-caliber candidates who value comprehensive benefits packages. This strategic use of health benefits not only aids in recruitment but also enhances employee retention, reducing turnover and fostering a stable, committed team.





Finding 2: Making financial tradeoffs to maintain continuity in health care coverage is commonplace.

By design, all interviewees' businesses were active and offered health care benefits; as reported earlier, many of the SMBs in our sample said that ending their benefits would be a last resort. However, recent JPMorganChase Institute research⁴ showed that many SMBs do make that difficult choice: roughly one-third of small businesses end their health care coverage from one year to the next. This section presents many of the nuanced challenges SMBs face and the strategies they reported invoking to sustain these benefits as their businesses have grown. These strategies include relevant lessons for all SMBs facing the challenges of health care costs, especially those considering stopping their benefits.

SMBs struggle to afford the coverage they want to offer.

Small and medium-sized businesses faced substantial costs in offering comprehensive benefits coverage to meet employee expectations, the businesses' values, and the regulatory requirements. This challenging balance required careful financial planning and strategic decision-making, and it often involved tough decisions about the amount of coverage SMBs were able to offer.

Most businesses talked about how they plan for and absorb these costs. A founder of a construction/architecture business with <50 employees candidly stated, "I figure out my cost of my bonds and my insurances... and then this will just be added into my monthly costs and overhead." However, most business leaders quickly went on to explain how this cost

absorption and planning could be at odds with the kinds of coverage they wanted to offer. A C-suite executive of an energy sector business with 51-100 employees said, "Price, price, price. It's become really crazy... it seems like we've had to offer less and pay more." A senior leader at a financial services business with 101-500 employees articulated this tension SMBs face between financial ability and coverage: "We really tried to absorb as much cost as we could while not completely blowing our budget out of the water." And some small businesses felt like the kinds of coverage they wanted to offer were simply out of reach. One founder of a technology company with <50 employees noted that, "The types of plans that you could purchase, and even the carriers, the top tier ones, either are not available to you, or they're heinously expensive."



"Price, price, price. It's become really crazy... it seems like we've had to offer less and pay more."



Once they struck this balance of cost and coverage as best they could, some had to work to convey the value of the benefits they were able to offer: “We spend a great deal of time just trying to convince people that this is, you know, a pretty good deal,” reported a C-suite leader with 51-100 employees. Other SMBs shared this low understanding of benefits’ value by employees, especially younger employees, also limited uptake of benefits that SMBs offered, which in turn can affect the risk pool and costs to the businesses.

SMB leaders find financial and business responses to sustain comprehensive and costly SMB health benefits.

To continue offering benefits, SMBs reported they made tradeoffs, such as adjusting contribution levels, spending more business leaders’ time to investigate alternative benefit structures, or limiting growth and hiring to sustain health benefits.

One solution cited by SMBs was to pass cost increases on to their employees, even if they found it had implications for talent recruitment. A senior human resources leader in the financial services sector with 101-500 employees shared, “I remember making tradeoffs to contributions when we were trying to target more senior folks that had families...the contribution rate that we had for the family plans were just not competitive.” In this case, the business opted to offer more for the contributions to recruit talent they needed, which illustrates the iterative and ongoing balance between costs, coverage, and recruitment as the business evolves over time.

Nearly all businesses talked about the amount of deep research they do and extensive work with their brokers to identify the best plans and benchmark their costs against the market. One technology business with 51-100 employees noted that they did multiple months of

research to find the best solutions on the market: “We’re growing quite quickly. It’s my job to always assess and look at and be proactive about what the things are that we need and what we want to offer, while also, of course, being strategic and mindful of the costs.” Many SMBs responded by investing substantially on in-kind time by leaders to guarantee they had the best plans that fit this balance of costs and coverage.

Small business leaders noted distinct challenges and tradeoffs they faced because of their size: some limited hiring while others joined larger risk pools. One health care/pharmaceutical founder with <50 employees shared, “We have to compete with much larger companies that have bigger resources. So, what can we do about it? Not that much... it will limit how many people we can hire... that’s the reality of being small.” One solution mentioned by business leaders was to join a Professional Employer Organization (PEO) to adapt to the costs. “Part of why we moved to a PEO arrangement is that we were a small company, and the costs are always much more expensive when you’re a small company. We had the benefit of joining a much larger organization to reduce our costs.” Notably, not all SMBs had such positive experiences with PEOs. Another business found their broker was a better partner for them than PEOs: “PEOs claim they can [get lower costs], but they don’t do it as much as the brokers I’ve worked with have.” While PEOs may not be ideal for all compared to a broker, they may be a good solution for some smaller businesses.

In the end, businesses found solutions and made necessary tradeoffs as best they could to strike this challenging balance of costs and coverage. One founder of a technology company with <50 employees summed this up succinctly: “It’s effort, it’s time, it’s cost. It’s all the things... Are you willing to take the tradeoffs that go with like providing proper health care that is good for the employees and also good for the company?” and answered their own rhetorical question with a resounding yes.



Finding 3: Relying on outside sources, like brokers, is necessary for SMBs, but they also spend significant time and effort researching and vetting recommendations on their own.

Brokers play an integral role for SMBs: a 2023 National Federation of Independent Businesses survey⁵ found 88% of small businesses used a broker, and research from The Commonwealth Fund⁶ reported 92% of small businesses found brokers helpful and 69% found that brokers were their most useful resource when selecting benefits. SMB leaders we interviewed similarly noted that brokers played significant roles for them, at a minimum, to negotiate prices on a few benefit plan options and, at best, as a thought partner for how they could balance the costs and coverage. Many SMB leaders articulated qualities that make a good broker and which of these qualities would cause them to switch brokers. For example, while brokers typically have a commission-based pay model – they earn fees based on the plans they recommend SMBs select – most SMBs found that transparency and trust in their broker outweighed potential pitfalls of the sales part of the broker relationship. And further still, SMBs talked about the extensive work they did to complement their broker’s work.

SMBs perceive brokers to be good partners and rely heavily on them for health benefits guidance.

Across all SMBs we interviewed, brokers provided valuable skills and market knowledge, helping SMBs make informed decisions about their health benefits offerings. This guidance about benefits often surpassed

brokers’ core function to get and present benefits options from the market. SMB leaders noted this guidance extended to substantial time with them as well as their employees to understand the nuances of the plans. Brokers often played dynamic, ongoing roles for the SMBs and their teams, particularly for those businesses with dedicated benefits staff in-house. In some cases, especially the larger businesses we interviewed with 101-500 employees, leaders reported heavily using benefits consultants in addition to brokers.

A CEO of a construction/architecture business with 101-500 employees remarked, “We’ve been with our brokers for a very long time, and we really appreciate the service that they provide.” A health care/pharmaceutical business with 101-500 employees reported brokers were highly effective at helping them manage costs: “They helped us negotiate better pricing. They were able to give me more context into what’s going on in the world.”

Beyond this straightforward role of the broker being a conduit to the benefit marketplace for SMBs, many cited having very responsive brokers as important to their benefits decisions. A head of operations and HR for a health care/pharmaceuticals business with <50 employees shared, “Oh, my relationship is great ... we’re on text communications; if I need something or don’t understand something quick, I just send a text and we’ll get a phone call and work through it.” Some brokers



interface not only with SMB leaders, but directly with employees as well. A CEO in information services with <50 employees shared, “Our employees don’t necessarily understand the differences among the different tiers, and that’s where our broker is really good and will work directly with the employees to make sure that they do understand those nuances.”

SMBs prioritize broker communication, knowledge of their industry and business, and performance to deliver benefits solutions that balance business needs and costs.

SMB leaders we interviewed cited that brokers ideally would understand their industry and business strategy and use this information to proactively identify solutions that work best for the business. Most leaders were aware of and had become comfortable with the natural tension of the inherent sales structure of the relationship; it was usually offset by the brokers’ communication and transparency. One founder in technology with <50 employees summed this up, “In a perfect world, the broker works for you, and also has these conversations and is also, again, we’re talking perfect world, very invested in your particular use case and is able to apply it, and again lay it on plain speak.” Leaders who were extremely happy with their current broker commented on how well the broker knew their business and industry. A CEO of a business with 101-500 employees said of their broker: “They have metrics on architecture and design firms and engineering firms, and so they’re able to provide us that information so we can make sure that we are still competitive with our benefits.”

When asked about what would cause them to switch brokers, SMB leaders noted the key competencies of a good broker: cost and value for money, responsiveness, trust and relationship, knowledge of client needs

and ability to customize, and broker expertise and experience. One technology business leader with 101-500 employees summed this up, “It’s not just about, you know, having a broker to help you. They have to be a good broker. They have to be qualified. They must be knowledgeable, responsive.” Another leader echoed these qualities after considering what would make them switch brokers, “If they are not meeting our needs, and if they are not available to us readily, we would definitely look for someone else.” SMB leaders would switch brokers if they felt they were getting limited or prescriptive and ill-fitting solutions, “If I didn’t feel like they were at least giving us options beyond just fully insured, and giving us creative ideas, I would switch.”

Brokers were also critical advisors to SMBs on issues of compliance within the web of federal and state regulations on health care benefits. This was especially salient among the businesses with 51-100 employees who were just over the threshold of employees where regulations often kick in. One C-suite leader from a technology company with 51-100 employees said, “The compliance keeps me up at night. And it’s a lot of things, because again, we’re still small. We’re still growing. And a lot of this falls to me, and I don’t know what I don’t know. I am a hundred percent relying on the broker at the insurance level, and I just would love to cut myself out...” Compliance was such a critical issue that it led other businesses to leave brokers for PEO relationships that had more structure to ensure regulatory compliance. A Head of People for a retail business with 101-500 employees shared, “Before we moved to the PEO arrangement, we had brokers that I had very little confidence in both their recommendations and their knowledge... Before I joined, there was no red flag in terms of if we were compliant with the Affordable Health Care Act. They weren’t proactively guiding the business in a direction that was both legally compliant and also providing the full variety of options.”

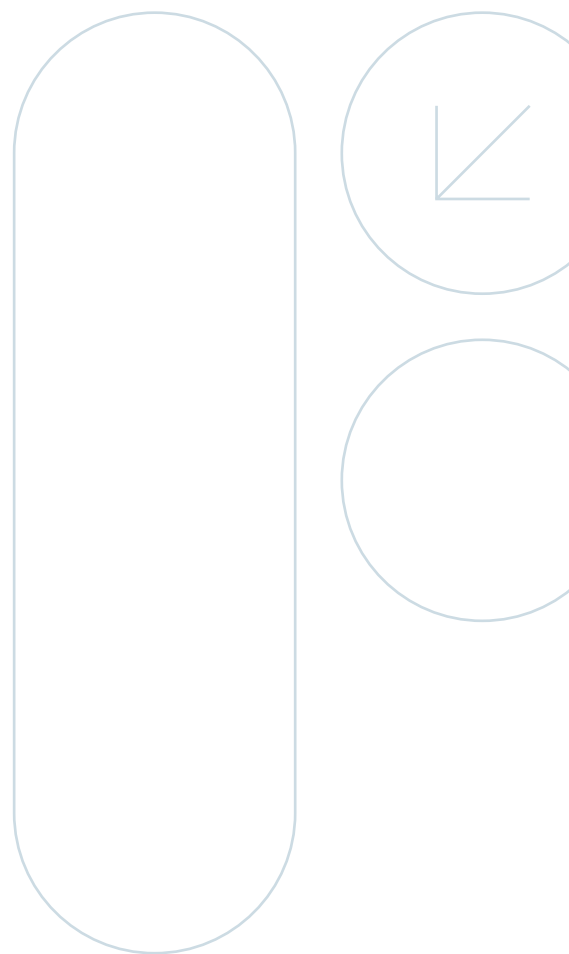


Even with the support of brokers, SMBs invest significant time in researching and vetting health benefits options.

Brokers were a necessity but not the only solution to offering benefits; brokers recommended benefits solutions, but SMB leaders recognized that they alone are responsible for their decisions. They invested tremendous time to understand, evaluate, and even check the broker's recommendations. Some of this time and work was with the brokers themselves and is very intensive. One founder of a media and entertainment company with 51-100 employees said, "It takes maybe 60-plus hours to get up and going back and forth with the broker looking over the plans."

However, many SMBs shared that they engaged in extensive research and comparison outside of their broker relationship to be confident they select the best options for their employees. A C-suite executive in the technology sector with 51-100 employees explained, "We did spend probably about 4 months researching and talking to different companies before the end of last year and really spent a lot of time talking internally about what it would look like." Other leaders noted how this research and background work was driven by a continuous reevaluation of their employees' needs. A co-founder and COO in the technology sector with <50 employees remarked, "We look at our employees. Obviously, there's going to be a spread of age groups and needs, whether it's family, couple, single, etc. So that went into it." Others still reported that their diligence comes from needing to confirm the brokers' recommendations, especially given the sales nature of the brokers' work.

Altogether, these investments in research and vetting reflect how much SMBs prioritize offering competitive and comprehensive health benefits packages. This effort is not just about meeting employee expectations, but also about ensuring that the benefits offerings align with the company's values and strategic goals.





Finding 4: Implementing new, innovative solutions is deemed a viable option to improve health care offerings, but limited bandwidth and knowledge gaps hinder action.

Despite close work with brokers, SMB owners may not be offered novel benefits products like Individual Coverage Health Reimbursement Arrangements (ICHRA), narrow network plans, or other solutions intended to reduce costs without sacrificing quality. A 2023 National Federation of Independent Businesses survey [5] found most (82%) small employers had conversations with their brokers about alternatives to their current plan. However, only 9% of businesses reported that their broker had discussed ICHRA as an option. It may be that newer solutions – ICHRA only came on the market in 2020 – need more information and infrastructure, for both brokers and SMB leaders alike, to lower the barriers to adoption.

SMBs see potential in alternative health benefits solutions but have concerns about implementation challenges.

SMBs recognize the potential of alternative health insurance design to improve their offerings, but they often face challenges in implementation. Limited bandwidth, both financial and in-kind, and information gaps hinder their ability to adopt novel solutions. A VP of talent management in the technology sector with 51-100 employees noted, “Self-funding is wonderful until something big happens. And you can’t really anticipate when that’s going to happen. But when it

does happen, you’re very much on the hook for it.” This highlights the risks and uncertainties associated with implementing health benefits solutions beyond the common fully-insured model. Similarly, a retail company with 101-500 employees expressed interest in principle but predicted issues in application: “In theory, I like the idea of employees being able to personalize to their own needs and desires with ICHRA. Administratively, I think it could become tricky. How we would manage it, especially as companies scale.” These quotes illustrate the challenges SMBs face in adopting innovative health benefits solutions and the potential impact on employee satisfaction. The desire to implement innovative solutions was often tempered by limited resources and the need for thorough understanding and planning to achieve successful adoption.

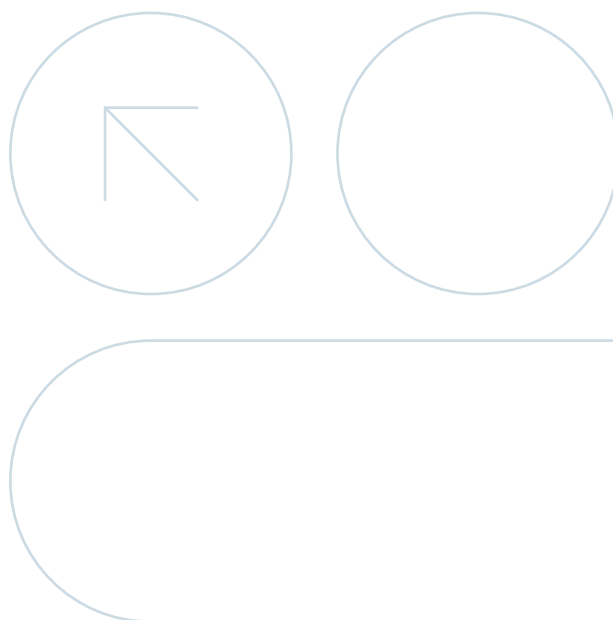
Information gaps and limited resources hinder SMBs’ ability to adopt new solutions.

SMBs often struggle with information gaps and limited resources, which hinder their ability to adopt new health benefits solutions. Some SMB leaders shared that the learning curve of health benefits was so steep that they may benefit from fundamental support before they considered novel and innovative benefit designs. It is important to remember that many of these leaders aren’t trained benefits professionals and are vetting options as



a side job. “Well, I think I finally figured out what copays mean... That’s always a little tricky for me, but I’m getting it. I’m figuring it out,” one food and beverage industry owner with <50 employees shared. And overall, decision-makers express a need for more information and support to make informed decisions about innovative solutions. A leader who had tried ICHRA plans in the past suggested that SMB leaders try it for themselves first to address their lack of familiarity and perceived opacity of ICHRA plans: “I would say then, take the demos, maybe, before you release it to your employees. Do your own onboarding to see what types of plans [are available] because ultimately you don’t know.”

Overall, SMBs need more education and support to help them understand the impact and/or viability of emerging, innovative health benefits solutions. The lack of clear, accessible information and the complexity of new solutions can create significant barriers to adoption, leaving SMBs hesitant to move forward without adequate support and guidance.





Finding 5: Access to a centralized, unbiased, and transparent resource hub is critical to health care decision-making.

A common thread throughout our research is that SMB leaders spend a vast amount of time researching and vetting health insurance. They believe this process can be simpler. Leaders universally wanted more information from a single, trustworthy source and in multiple channels (video, writing, interactive). These educational resources would upskill on core concepts and terminology of health benefits to make them more fluent consumers in this market, providing them tools that outline and compare alternative solutions simply, benchmarking their benefits and costs against others in their industry and area, and even to monitor their compliance with health care regulations. Just as there was consistency in the qualities they looked for in brokers, like trust, cost, and market expertise, SMB leaders wanted these tools from a neutral and transparent source, ideally in one centralized platform to make them easier to find and use.

SMBs need centralized resources for informed health benefits decision-making.

Small and medium-sized businesses expressed a strong need for a single, reputable place to access information to simplify their benefits research. Having these tools centralized was important to SMB leaders. One C-suite leader of a technology company with 51-100 employees wanted “just one central space where you’re like, can I get a truth of information whether it’s like this carrier versus this carrier, what does this mean on this plan?” Another SMB leader underscored the sense of fragmentation of

available information and how a centralized resource would address that: “I mean, there’s so many different things that live in so many different places that I would love to just have it all live in one area... digestible information available, easy to search in one spot.” The availability of a centralized resource hub would streamline the decision-making process, reduce the administrative burden on SMBs, and empower them to make more informed and strategic decisions about their health benefits offerings.



“I mean, there’s so many different things that live in so many different places that I would love to just have it all live in one area... digestible information available, easy to search in one spot.”



“I love the data that allows you to be able to put in your information, and then it spits out what plans could be relevant for you, and to do a side by side comparison.”

Transparent pricing and clear cost breakdowns are essential for SMBs.

SMBs emphasized the importance of transparent pricing and clear cost breakdowns in their health benefits decision-making. Decision-makers expressed frustration with the lack of transparency in pricing and the difficulty in comparing plans. A senior human resources generalist in the financial services sector with 101-500 employees suggested putting more responsibility onto insurance carriers, suggesting “transparent pricing for everything, so you compare apples to apples without having to basically gamble.” This underscores the need for clear and transparent pricing information to help SMBs make informed decisions.

Many leaders reported wanting tools that would make plan recommendations and comparisons. A VP of talent management in the technology sector with 101-500 employees stated, “The first thing that comes to mind is, as both an employee and as an HR leader, I love the data

that allows you to be able to put in your information, and then it spits out what plans could be relevant for you, and to do a side by side comparison.” Others echoed this kind of solution, including a co-founder of a technology firm with <50 employees: “Is there like a tool that I can use? I like, put in my information, and it spits out like truly, truly, like what my options are. I don’t think there’s any sort of like magic tool or magic service in the sense.” A CEO of a technology company with 101-500 employees described a similar solution, “I love the idea of putting in your information and getting a side-by-side comparison of plans without middlemen pushing us one way or another.”

SMBs seek unbiased guidance and shared support in health benefits decision-making.

In addition to centralized resources and transparent pricing, SMBs sought unbiased guidance and support in their health benefits decision-making. Decision-makers expressed a desire for guidance that is free from conflicts of interest and provides objective recommendations based on their unique needs and circumstances. A co-founder and COO in the technology sector with 51-100 employees noted, “I need someone to just tell me what to do and explain to me why, and I’ll take the journey.” A CEO in the technology sector with 51-100 employees shared, “I would prefer professional guidance from a single person so that there’s...no doubts about the process.”

Other SMBs discussed having, or wanting, opportunities to gain experience from other peers. One leader at a technology company with 51-100 employees mentioned being in a peer network of HR leaders where they “share a lot of information in there, and [they] lean on that group quite a bit, especially during [benefits selection season] to get a little bit of insight from the community.” A co-founder of a technology firm with <50 employees suggested a site with resources and the ability to engage with other companies about benefits. “I like to have



multiple sources. So, while you can look at the Internet and go chat, I feel like you actually need to look at multiple things, talk to other employers, talk to others like your peers outside of the company.” A leader of a business with 101-500 employees suggested that customer reviews would be useful to understand satisfaction with plans or carriers: “It’d be nice to have access to reviews by people who’ve used that plan from different sources over a period of time.” New resources that combine verified peer sharing alongside straightforward educational material may address these needs for both objective and trustworthy information.

SMBs require user-friendly tools and technology to simplify decision-making.

To effectively navigate the complexities of health benefits, SMBs need simple tools and technology to support their decision-making process. Decision-makers expressed a need for intuitive platforms that provide easy access to information and offer comparisons between different health benefits plans. The specific types of resources that SMBs referenced include static resources like quick guides to understand benefits or educational videos, as well as more dynamic resources like podcasts that could explain relevant information about benefits for SMBs.

Leaders wanted straightforward content that was easy to follow. One leader summarized this sentiment about simpler content: “I think we’ve gotten in the world of jargon just way over index, and I don’t know a lot of times what people are talking about. So, for me, anything visual and simple would be best.” A business owner in the food and drink industry further stressed this point about simplicity, “Make it simple where we don’t have to be scientists to figure out what you’re offering.”

SMB leaders also stressed the importance of the simplicity of the user interface – having a site that was

clear and intuitive to navigate. One leader summed this up: “Put it on a website, not too much interaction, but gets to the point. It’s something quick, easy, and to the point.” Many leaders also wanted a chat feature, either to answer simple questions or to be able to manage more complex questions and ensure they were drawing the right conclusions and making the right decision based on the information provided. “Even if it’s a Chatbot, maybe not a full-on AI Chatbot, but like a human on a chat line. Who could say like I just want to make sure I understand- I am interpreting this document correctly.”





Comparison by Business Size

Across all company sizes, balancing cost, flexibility, and access to quality benefits is a persistent challenge, with increasing complexity and the need for guidance as company size grows. However, there are notable distinctions between the needs of SMBs and their health care benefits by the size and stage of the business. Smaller companies with <50 employees, who were not mandated to offer benefits, had the strongest sense of benefits as a company value, tailoring their benefit solutions based on employee needs, but they also had the biggest challenges with exercising their purchasing power in the market. Companies with 51-100 employees had added competition for employees, new challenges in understanding regulatory compliance, and challenges of scaling to find solutions for their size and budget. And businesses with 101-500 employees had further issues of scale; they needed the most active management and deep experience with benefit offerings and compliance, but they also seemed best suited to offer innovative solutions.

<50 employees	51-100 employees	101-500 employees
<p>Providing health benefits for employees is a direct link to personal and company values, despite size limitations.</p> <ul style="list-style-type: none">■ Tailor their benefits according to employee needs■ Employee inclusion in decision-making■ Provider network limitations due to company size■ Face higher costs compared to larger companies	<p>Health benefits are a way to stay competitive, but high costs are pushing them to consider other benefit options.</p> <ul style="list-style-type: none">■ Market competitiveness and talent retention■ Difficulty in managing cost of providing health benefits due to high premiums■ Self-funded seen as a risky option due to unpredictable costs■ Challenges of managing compliance with insurance regulations and tax implications■ Frustrated about their options and plans available to their size / desire for more information on options	<p>The complexity of benefits management requires constant attention and expert guidance, which can be challenging due to limited time.</p> <ul style="list-style-type: none">■ Dynamic nature of benefits management requires constant attention■ Lack of information and transparency from providers■ Need expertise and guidance■ Potential to offer flexibility for employees (e.g. ICHRAs)



Conclusion

The findings from interviews and small group discussions with small and medium business leaders underscore the critical role that health care benefits play in the strategic operations of SMBs. Health benefits are not merely a compliance requirement or a competitive edge; they are integral to the company culture and values, reflecting a commitment to employee well-being and overall quality of life. The challenges SMBs face in providing these benefits, from financial tradeoffs to navigating complex regulations, highlight the need for strategic planning and informed decision-making.

Even with broker and PEO support, many SMBs question if they're securing the best option for their employees. In search of answers, they spend time researching the market themselves rather than doing what they do best – running their business. And, despite new innovative options coming to market like ICHRAs, level-funding, and others, lack of awareness and unknowns about how they might work for their business, hinder adoption of these potential cost saving solutions.

Recommendations for Action

Today's system leaves SMBs underserved, grappling with rising financial pressures and unsure of where to turn. For SMBs to continue to grow and thrive, stakeholders across the health care industry and public sector must work together to better address their needs.

This starts with getting unbiased, transparent information into their hands so that they can make more informed decisions about their benefits and effectively support their employees.

See recommendations on next page. →



“Health benefits are not merely a compliance requirement or a competitive edge; they are integral to the company culture and values.”



Efforts should specifically focus on:

Education

- Invest in education to help SMB leaders better understand health benefits. Provide clear and accessible information in a central place – offering a “one-stop-shop” approach. SMBs have limited bandwidth and fewer resources than large businesses to navigate benefits decisions, but they want to do what’s best for their employees. Additionally, raise awareness of new health benefits options in the market and answer SMB leaders’ questions about how these solutions could work for their business.

Strategic and Administrative Support

- Build better support models that address the full spectrum of an SMB’s needs, from compliance and regulatory requirements to strategic guidance about health benefits. Technology can be leveraged to support SMBs in real-time and streamline historically administrative tasks so that brokers can spend more time on strategic guidance.

Transparency

- Provide unbiased information about health plan options and offer comparison tools to help leaders pick the best plan for their business. SMBs lack a true marketplace to shop for health insurance, and despite new requirements for brokers to disclose any compensation from insurers, many SMBs may not be aware of these incentives when they’re presented with a curated list of plan options. The health insurance and benefits industries should look to other sectors, like travel and finance, that frequently provide comparative tools in a user-friendly interface.

Innovative Solutions

- Provide unbiased information about health plan Build and scale new solutions that offer SMBs affordable, customizable health plan design with varying levels of financial risk and alleviate administrative burdens. Innovation can stem from advancements in technology to new policy. Options like captives, level-funding, and ICHRAs can offer businesses greater control, flexibility, and cost savings. Solutions should also focus on quality of care and affordability for employees.



Acknowledgments

We acknowledge the many partners and collaborators who contributed in big and small ways alike to this report. We particularly acknowledge Public Private Strategies for their collaboration on SMB needs generally and this research specifically, and Hootology for their work to collect and analyze these data. We especially appreciate the JPMorganChase Institute team for their partnership on this work, along with all other internal JPMorganChase and Morgan Health colleagues who support our work.

Disclaimer

Morgan Health is a business unit of JPMorgan Chase Bank, NA, focused on improving the quality, affordability and equity of employer-sponsored health care in the United States. Morgan Health has invested in companies that offer some of the proposed solutions presented in this document. This document does not constitute a recommendation, advice, or an offer to sell or a solicitation to buy any securities, including any JPMorgan portfolio investments, or an offer to provide investment advice or investment advisory services and does not constitute any form of commitment or recommendation on the part of JPMorgan Chase & Co. or its subsidiaries and affiliates. This document is provided for informational purposes only and does not constitute due diligence, legal, tax or financial advice to any recipient. Any determination by a recipient of this document to participate in any potential investment transaction is solely the decision of such recipient.

References

- 1 U.S. Small Business Administration, “Frequently Asked Questions About Small Business, 2024,” 23 July 2024. [Online]. Available: <https://advocacy.sba.gov/2024/07/23/frequently-asked-questions-about-small-business-2024>.
- 2 Agency for Healthcare Research and Quality, “Medical Expenditure Panel Survey Insurance Component,” Agency for Healthcare Research and Quality, Center for Financing, Access and Cost Trends, Washington, 2023.
- 3 U.S. Internal Revenue Service, “Determining if an employer is an applicable large employer,” [Online]. Available: <https://www.irs.gov/affordable-care-act/employers/determining-if-an-employer-is-an-applicable-large-employer>. [Accessed 17 April 2025].
- 4 JPMorganChase Institute, “The consistency of health insurance coverage in small businesses: industry challenges and insights,” 10 April 2025. [Online]. Available: <https://www.jpmorganchase.com/institute/all-topics/business-growth-and-entrepreneurship/small-business-health-insurance-consistency>.
- 5 National Federation of Independent Businesses, “Small Business Health Insurance Survey,” National Federation of Independent Businesses, Washington, DC, 2023.
- 6 The Commonwealth Fund, “Small-Business Owners’ Views on Health Coverage and Costs,” September 2019. [Online]. Available: https://www.commonwealthfund.org/sites/default/files/2019-09/Buttle_small_business_owners_survey_ib.pdf.