Health Insurance **for Your Small Business**

A step-by-step guide from the Small Business Health Care Hub powered by Chase for Business

Offering health insurance to employees can help attract and retain talent, provide tax advantages, and demonstrate your commitment to employee well-being. Whether you have a few employees or are managing a growing workforce, this guide outlines the essential steps to get started.

1 DEFINE YOUR GOALS

Start by clarifying why you want to offer health insurance. Common reasons include:

- Attracting and retaining employees
- Meeting legal or regulatory requirements
- Aligning with your business values and strategy
- Qualifying for tax credits

Tip: If you have more than 50 full-time equivalent employees (FTEs), you may be legally required to offer health insurance. Use the FTE Calculator on **IRS.gov** to find out.

2 ASSESS YOUR EMPLOYEES' NEEDS

Understanding your employees' needs ensures you choose a plan that provides value. Consider:

- Geographic location and provider preferences
- Need for spousal or dependent coverage
- Current satisfaction with existing benefits *(if applicable)*

Action: Survey your employees to gather input on their priorities and preferences.
Download our Employee Survey PDF.

3 UNDERSTAND YOUR FUNDING AND PLAN OPTIONS

There are several ways to fund and structure your health insurance offering. Each option has different implications for cost, risk, and flexibility.

FUNDING OPTIONS COMPARISON — HOW EMPLOYER RISK & FLEXIBILITY DIFFER

OPTION	WHAT IT MEANS	EMPLOYER RISK	PLAN FLEXIBILITY
Fully Insured	Employer pays fixed premiums; insurer handles claims and risk.	Low	Low
Level funded	Employer pays fixed monthly costs up to a claims limit; insurer covers excess.	Mid	Mid
Self- funded	Employer pays all claims directly. Lower fixed costs but higher financial risk.	High	High
Individual Coverage Health Reimbursement Arrangement (ICHRA)	Employer gives each employee a tax-free allowance to buy their own coverage.	Low	High

Note: I Small groups typically = 1–50 FTEs (up to 100 in some states). **Find resources for your state** →

PLAN TYPE COMPARISON — HOW COVERAGE NETWORKS & COSTS DIFFER

PLAN TYPE	PREMIUM	NETWORK SIZE	KEY FEATURE
HMO Health Maintenance Organization	$		In-network only; referrals required
EPO Exclusive Provider Organization	$$		In-network only; referrals not required
POS Point-of-Service Plans	$$		In-and out-of-network; specialist referrals required
PPO Preferred Provider Organization	$$$		In- and out-of-network; referrals not required

4 DEVELOP A BUDGET

Health insurance is often the second-largest employer-related expense after salaries and wages, making it crucial for businesses to master their budgeting strategy.

- Determine the number of employees and dependents you'll cover
- Forecast retention and turnover rates
- Decide your contribution percentage (many SMBs cover 50–80% of premiums)

Action: Check if you qualify for a federal tax credit →

$ COST-SAVING STRATEGIES AT A GLANCE:

- Choose a high-performing narrow network to negotiate better rates, while steering employees to high-quality providers
- Encourage use of generic and low-cost prescription drugs whenever clinically appropriate
- Review your plan annually as your workforce changes and options evolve
- Consider level-funded or self-funded plans for greater benefit design control
- Encourage preventive care and health screenings to catch health issues early and improve employee health, reducing likelihood of illness and emergency department visits

5 FIND THE RIGHT ADVISOR

You don't have to figure this out alone. There are professionals who can help.

ADVISOR TYPE	BEST FOR
Agent	Works with specific insurers and explains their products; best for businesses that know which insurer they want.
Broker	Compares plans across insurers; provides ongoing administrative support; may receive a commission from insurers.
Professional Employer Organization (PEO)	Bundles HR services, including payroll and benefits administration, and helps manage employee benefits. Best for businesses seeking comprehensive HR outsourcing.
Health Care Exchange	Online marketplaces for purchasing health insurance—public (government-funded) or private (run by insurers/brokers). Best for businesses wanting customizable plans.

Action: Find advisor guidance and broker questions to ask →

DID YOU KNOW?

You may qualify for the **Small Business Health Care Tax Credit** if your business meets all three criteria:

<25 Full-time equivalent employees (FTEs)

<$65K Average annual wages paid

>50% Of premiums paid by employer

Explore interactive tools, compare funding options, evaluate plans, and access expert guidance at our Small Business Health Care Hub