

Health insurance and small business

The coverage your company can't afford to exclude **Interviewed by Amy Dison**

For small businesses, employee health insurance causes different financial concerns than it does for large companies. Obviously, the economies of scale that are there for the bigger companies do not exist for the smaller ones, says Anthony Benevento, vice president of Sales and Marketing with UPMC Health Plan.

A survey done by the Kaiser Foundation in 2007 found that the percentage of small businesses offering health insurance to their employees has steadily declined since 2000. Ninety-nine percent of all businesses that have 200 or more employees offer health benefits, while only 59 percent of those with fewer than 200 employees offer health coverage. In 2000, nearly 70 percent of all small businesses offered health insurance to their employees, but by 2007, that percentage had dropped 11 points.

The survey also shows that almost three-quarters of the small businesses that do not offer health insurance cite cost as the major factor for not offering the benefit. This does not mean that small business owners cannot offer health care coverage. It simply means they must find the type of coverage that meets the needs of their company.

Smart Business spoke with Benevento about health care coverage for small businesses and cost effective options.

What factors should influence whether a small business owner should offer health insurance to employees?

Each business owner needs to make the decision that is right for his or her company. But small businesses have to understand that they have a number of options in health insurance that are available to them regardless of their size. They just need to map out an affordable strategy with their insurer.

One of the deciding points in determining whether a small business owner will want to offer health insurance to his or her employees is the importance the owner places on attracting and keeping top employees. After salary, health insurance is one of the biggest factors in terms of hiring and retaining the best employees.

Should the cost of insurance be the deciding factor for a small business?



Anthony Benevento
Vice president, Sales and Marketing
UPMC Health Plan

Rather than looking at health insurance coverage as an all-or-nothing proposition, small business owners need to look at various plan designs that can fit their budget. Small business owners should know there are many options for their needs.

The cost of health insurance is a major factor, but the business owner also has to look at other costs if health insurance is not offered to employees. There is, for instance, the cost of turnover. Buying the right health insurance for your company is less expensive in the long run than having a constant cycle of turnover, an extended training period, more turnover and yet more training of new staff. A business owner has to think about how much that pattern costs when determining whether a company can afford health insurance for its employees.

How can an insurer meet the specific needs of small businesses?

You have to deliver a product that is designed to address the unique challenges of small businesses. Such challenges include increased price sensitivity, the desire for additional health and wellness programs and the need for dedicated customer service by representatives who not only understand plan designs, but also the unique needs of small businesses.

What should a small business owner look for in terms of coverage?

You would want coverage that is comprehensive in scope, but not overwhelming in cost. Many small businesses do not think that they can afford to have coverage that includes such things as wellness programs, vision benefits, online tools, EAP services and other value-added benefits such as a global emergency program. They do not think they will be able to get the kind of specialized customer service that a major employer receives. These types of benefits can be bundled by a health insurer and offered in a way that can be affordable for companies of all sizes.

Small business owners should also realize that advances in online access for employers can make service more complete and accessible. Many health plans have systems available that do not require an employer to talk with a health plan representative on the phone in order to perform tasks such as verifying benefits information, processing new enrollments, adding or removing dependents for coverage and creating temporary ID cards. The ability to perform those tasks when you want to also represents a form of 'savings' for the small business owner.

How can health care coverage be affordable for small businesses?

It is just as important for a small business owner to find coverage that helps make his or her employees as healthy as possible as it is for the large business owner. It is important to offer plans that cover smoking cessation products, or discounts for products such as fitness centers, dance studios and sporting goods stores. Again, it is a case of doing what you can to hold your employees and to keep them healthy. In the long run, they will be more productive and actually save money for a business owner. For many small businesses, not investing in health care coverage is a savings they really can't afford.

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