

Small Business Owners: Did You Know?

Providing Health Insurance May Help Your Bottom Line

★ Businesses may benefit economically by providing health coverage for workers and their families. Health insurance may help employers:

- Recruit high-quality workers
- Reduce staff turnover
- Reduce costs for workers' absence
- Limit disability & workers' compensation cost

★ Employees consider health insurance to be, by far, the most important fringe benefit.

★ There are tax benefits when you offer health insurance to your workers:

- The health insurance premiums your company pays are fully tax-deductible as a business expense. This tax deduction may be thought of as a discount to the cost of health insurance.

- Employees may make their premium contributions on a pre-tax basis through payroll deductions, which makes coverage more affordable for workers.

- Self-employed persons may deduct 100 percent of the cost of their health insurance premiums from their adjusted gross income.
- Health insurance payments are excluded from base payroll when calculating an employer's Medicare and Social Security payments. An equivalent amount paid in wages would be subject to Medicare and Social Security taxes.

★ Typically, health insurance costs substantially lower when you buy it as a member of a group rather than on your own, especially family coverage.

★ Health insurance coverage gives you access to the price reductions that health insurance companies negotiate with doctors and other health care providers

★ Even if an employee or dependent is in poor health, federal law prohibits insurers from denying coverage to the company, the employee or the dependent based on health status, although the cost of insurance may be higher depending on your state of residence.

★ All states offer low-cost or free health care coverage to eligible working families. To determine the income limits for this coverage, or to learn more about this type of coverage in your area, call 1.877.KIDS.NOW or visit www.insurekidsnow.gov.

★ Alternatives to traditional health insurance include health savings accounts (HSAs), health reimbursement arrangements (HRAs), and association sponsored plans. HSAs and HRAs have added tax advantages.



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