

Small Business FAQ

Q: What is considered a small business?

A: A small business is 1-50 employees

Q: As a small business owner am I required to provide health insurance to my employees?

A: No, small businesses are not required under the ACA to make an offer of insurance to their employees.

Q: If I make an offer of insurance to my employees are they required to take it?

A: If the employee premium of coverage costs less than 9.56% of the employee's annual income, it is considered affordable to them and therefore they are not eligible to receive Advance Premium Tax Credits (APTC) if they enroll in a plan through *Washington Healthplanfinder*. If they receive APTC during months in which they had an offer of affordable employer health coverage, even if they didn't choose to enroll in the employer coverage, they may have to pay back when they file their taxes.

Q: I'm a sole proprietor. Can I purchase a small business plan?

A: Generally, in order to purchase a small business plan, you must have 1 common law employee that is not related to the business owner (a common law employee works 30 or more hours a week). You should check with insurance carriers, because some will allow a sole proprietor to purchase a group plan.

Q: If I do offer health insurance to my employees, how much do I have to contribute to their monthly premium?

A: You can contribute 50 to 100 percent of the monthly premium for each employee. Different carriers may have different requirements, some will require a minimum of 75% employer contribution.

Q: Do I have to wait until Open Enrollment to enroll in a small business plan?

A: No, small business plans can start at anytime during the year, and they normally will be in effect for 12 months.

Q: Can I offer several different plans to my employees?

A: No, in the small group market you can only offer one plan to all employees.

Q: If I make an offer of coverage to my employees, do I have to make an offer of coverage to their dependents?

A: No, there is no requirement to offer dependent coverage. Small business owners are permitted to offer employee-only health coverage.

Q: If I do make an offer of coverage to dependents, how much am I required to contribute to their monthly premium?

A: There is no requirement to contribute to the dependents' monthly premiums.

Q: If I don't offer coverage to dependents of my employees can they go to the exchange and apply for APTC?

A: Yes, they can apply for coverage from through the exchange and apply for APTC.

Q: If the coverage I offer to the dependents of my employees is considered affordable (9.56% rule) can they apply for APTC through the exchange?

A: If they apply for and receive APTCs after they have been offered an affordable health plan, they may have to pay back the APTCs they received when they file their taxes.

Q: Where can I get information about plans available for small businesses?

A: There are several ways to obtain information about the plans available in your area. You can go directly to any company that offers health insurance and inquire about the small business plans they offer. You can also talk with an insurance broker who can show you options from several different insurance companies.

Q: If I want to end the group coverage that I'm currently offering my employees, do they have to wait until the next Open Enrollment Period to find a new health plan?

A: No, once the coverage you've offered your employees ends they will have 60 days to select a new plan in the individual market, called a "special enrollment period."

Q: Who else should I talk to about offering small a business plan to my employees?

A: If you work with a CPA, consulting with them could be beneficial. There are several issues around tax credits, reporting employee hours, and other factors that should be considered.

Q: What is COBRA?

A: COBRA (the Consolidated Omnibus Budget Reconciliation Act) is a federal law that allows employees and their immediate family members to stay on an employer-sponsored health plan under certain circumstances.

Q: If I do offer a small group plan do I have to offer COBRA to my employees?

A: If you have 20 or more employees you may have to set up a COBRA offering as well. This is another area where working with a broker would be helpful. The broker can help set up you COBRA benefits.

Q: Are my employees required to take the offer of COBRA coverage if it is available?

A: Employees have several options; they are not required to take the initial offer of COBRA coverage. If they do not accept the offer of COBRA they can go the exchange and apply for APTC within 60 days of losing their employer-sponsored coverage. If they do accept the offer of COBRA coverage and stay on COBRA past that 60-day window, they will not be eligible to enroll in plan through *Washington Healthplanfinder* until the COBRA period is exhausted or the next Open Enrollment, or upon having a Qualifying Life Event. Any of these circumstances would allow the employee to seek APTC through the exchange.

Q: If I do decide to work with an insurance broker, how can I determine who is right for my business?

A: Not all insurance brokers work with small businesses, so you may want to ask them a few questions before you decide if they are right for you. You should know if they work with small businesses. You should ask how many insurance companies they work with. The more the better; it will provide you and your employees more options.

Q: I've heard a lot about association plans. What are they?

A: Association plans are plans that are designed for specific professions, like construction, in order to provide better rates. These plans are usually not required to cover the same benefits and services that are covered in individual and small group plans. You should ask a broker for details to see if your company qualifies for an association plan, and to understand what benefits are covered.

Q: If I don't want to offer a group plan to my employees, can I give everyone a certain amount of money each month for their medical expenses?

A: There are new rules that allow some small employers to do this through a **Qualified Small Employer Health Reimbursement Arrangement (QSEHRA)**. The rules are very detailed and can become complicated. You may want to contact a knowledgeable insurance broker who can explain how a QSEHRA will affect your employees.