



Resource Guide

Health Insurance Benefits



Why Offer or Improve Health Insurance Benefits?

Employees that have access to healthcare are more likely to stay healthy, making them less likely to miss work or come to work sick. Providing healthcare benefits to part-time employees gives them access to affordable, quality healthcare even if they have other obligations (such as family care or education) that prevent them from working full-time. Offering health benefits to your employees can:

- Lower your hiring costs. Recruiting, hiring, and training new employees takes time and costs money. For employees, the most valuable job benefit is better health, dental, and vision insurance. Plus, the lower an employee's income, the more important healthcare is.
- Reduce absenteeism and decrease risks associated with poor health in the long run. When employees don't have health insurance, they wait longer to seek treatment, which can lead to the need to stay home from work or go out on disability. Healthy employees are less likely to injure themselves and more likely to do their jobs well.
- Enhance the workplace atmosphere and improve morale. Employees tend to be happier and more satisfied with their jobs when they are offered group insurance.
- Reduce the company tax burden. In most cases any expenses an employer incurs related to health insurance (for employees or for dependents) are 100% tax-deductible as ordinary business expenses on both state and federal income taxes.

A company can leverage its benefits package to attract, support, and retain diverse talent. Disparities in compensation and benefits are likely to disproportionately affect underrepresented populations. Focusing on equity and soliciting feedback will help create an inclusive package even when financial resources for a company are limited.

Types of Insurance Benefits

There are many types of employer insurance available to companies. A first step to improving health insurance coverage may be to expand coverage already provided by the company to employee's family members. This may include coverage for spouses, children, and domestic partners. According to [FitSmallBusiness.com](https://www.fit-small-business.com), common types of insurance benefits available to businesses include:

Health Maintenance Organization (HMO): Employees with an HMO will need an in-network primary care physician (PCP) that manages care and provides referrals for specialists. The quality of HMO plans varies greatly based on the state and insurance carrier. If employees can stay in network on their HMO they will likely pay less when they are sick and insured.

Preferred Provider Organization (PPO): Employees with PPO insurance do not need referrals to see a specialist, as they do in an HMO. Before providing a PPO plan, consider the insurance provider's network in the region as it varies by state. Networks employees can access tend to be larger than they are in an HMO plan. PPOs tend to be more expensive for employers to provide.

Point of Service Plan (POS): POS plans are a hybrid of an HMO and a PPO. Employees will need a PCP. Generally, POS plans have low in-network expenses, and employees may be able to utilize out-

of-network providers. POS plans have larger networks than HMOs, and also have low co-payments when using in-network doctors.

High Deductible Health Plan (HDHP): Any plan with a deductible that is greater than \$1,300 per person is categorized as a HDHP. Plans can have deductibles as high as \$6,000. HDHP plans can be either PPOs or POSs. Employees can go to the doctor of choice.

Health Savings Accounts (HSA): HSAs give employees an opportunity to save against the costs they will incur before they reach the deductible. Savings style plans generally have [tax perks](#). Remember that HSAs are used in conjunction with PPO, POS, and HDHP plans.

Flexible Spending Accounts (FSA): FSAs allow employees to deposit money pre-tax that they can use for medical expenses. Employers can also make contributions to these accounts. FSA funds can be used to cover premiums, co-pays, dental and vision visits, and some over-the-counter medications. Funds in an FSA cannot roll over year-to-year.

Steps to Improve

1. Analyze the company's current approach. Consider who has access to benefits at the company today. Are any groups left out? Identify what type of employee (i.e. full-time, part-time, seasonal) is eligible for insurance benefits currently and what types of employees the company wants to provide benefits to in the future.
2. Find out what your employees want and need. Consider conducting surveys, demographic analyses, or focus groups to help you envision what a more supportive and cost-effective benefits plan would look like. You may want to try personalizing your benefits to some degree (e.g., with opt-in, opt-out options).
3. Make sure that your employees understand their benefits options and offerings. Think carefully about your workforce's language preferences, reading levels, communication channels, and preferred information mediums (e.g., online communications, written reports, videos, or presentations by peers). This will enable you to craft communications to ensure that your employees clearly understand the value that your benefits will bring to them and their families.

Resources

- [6 Types of Health Insurance Plans Explained](#) by FitSmallBusiness.com
- Review the tax incentives provided by the [IRS](#) related to health insurance benefits
- [HealthSource RI](#) is the healthcare portal for the State of Rhode Island, connecting Rhode Island employers and workers to a range of health insurance options
- The "For Employers" section of the Rhode Island [Office of the Health Insurance Commissioner](#) web site provides information on legal responsibilities, buying insurance, and resources to help employers understand the healthcare system

Associated Resource Guides

- Retirement Plans
- Supplementary Benefits
- Employee Handbooks
- Employee Diversity

