

Employer Sponsored Health Insurance - General Information

McShane Insurance specializes in the small group or individual markets. Companies with 2-50 employees are classified as 'small group' for health insurance purposes in Texas. There are insurance company rules and state and federal regulations that apply specifically to small groups.

In Texas, as long as you qualify to have a small group health policy (see requirements below), you cannot be denied coverage. Every employee could have cancer and the insurance company cannot deny you coverage. With few exceptions, an insurance company cannot cancel your policy either. The exceptions are: you don't pay your bill on time; you don't maintain the proper employee participation (see below) or the insurance company stops doing business in the state and cancels every policy they have in the state.

Requirements:

To start or maintain a small group health insurance policy, you must have:

- two or more eligible employees enrolled. For insurance purposes, a working owner(s) is considered an employee
- 75% of all eligible employees must be enrolled, called the participation rule
- employer is required to pay a minimum of 50% of the employee only cost (not their dependents), called the contribution rule..

An eligible employee is defined as:

- working fulltime - part-time, contract, temporary and seasonal employees are not considered eligible. The employer decides if fulltime is 20 or 30 hours minimum per week.
- does not have other health insurance such as covered by their spouse's group policy or on Medicare or Medicaid. Some insurance companies count individual policies as having other insurance, some do not. Proof of other / individual coverage may be required

Often with new businesses, the owner and their spouse are the only people working for the company. As long as the spouse is paid or is a joint owner/partner, which must be verifiable, they can qualify for a small group policy. If there is one owner and their spouse helps out but is not on the payroll, they do not qualify.

Example: a company has 10 fulltime employees including the owner. One is over 65 and on Medicare and one has coverage through their spouse. The remaining employees have no health insurance. So in this case, there are eight eligible employees so six of them must elect coverage ($10 - 2 = 8 \times 75\% = 6$).

Example: the owner works fulltime, their spouse helps out as needed and they have two part-time employees. This company is not eligible for group insurance because there are not two eligible employees.

How much does a health plan for my employees cost?

Rates are determined by the insurance company and do not vary based on the agent you are working with. If you give the same information and request the same policy from five different agents, you will get the same price.

In Texas, small group rates are based on the nature of your business, location, and the age, sex and health conditions of your employees. Each insurance company files base rates with the state of Texas. The rates you get can vary anywhere from the base rate to 67% higher, which is the maximum allowed. What rate you get is based on the health conditions of the employees being covered. The more health conditions they have, the higher the rate.

The information needed to get quotes is:

- your company's information including legal registered name, dba if used, complete physical address or addresses if you have more than one location, phone number and the nature of your business.
- census of all eligible employees (see definition above) including age or birth date (preferred), sex and same for any dependent(s) they wish to cover.