



CAN YOUR SMALL BUSINESS Afford Group Medical Insurance?

THE BETTER QUESTION MIGHT BE... "Can You Afford Not To?"

With the raising cost of electricity, fuel, workers compensation insurance, etc., it's no wonder that small business employers automatically assume they can't afford to offer medical insurance to their employees.

To put the cost of NOT having health insurance in perspective, ask yourself these questions:

Do you generally give merit raises or cost of living increases to employees upon earning one year of work experience?

Have you ever had an employee leave for better benefits elsewhere? If so, what does it cost to retrain a new employee in real dollars and time? Did they take customers with them?

If you give a \$1 raise to an employee, does it actually cost you \$1.20, \$1.30, \$1.40 or more when you include your share of the payroll taxes and worker's compensation?

If you don't have health insurance and an employee were to hurt themselves over the weekend, is there a chance they will file a false claim on Monday for a work-related injury? If that occurs, what happens to your renewal premiums on workers comp? What messages are you possibly sending to employees by not offering them benefits: 1) Your firm is not financially secure! or 2) You don't care about them!

Would an employee with higher morale and more security likely be more loyal and productive than one who feels taken advantage of?

How much does small group medical insurance actually cost?

Obviously, the total rate depends upon the individual insurance carrier, type of plan, deductibles, etc. However, several carriers have figured out a way for you to have predictable cost.

For example, two carriers allow you to

pay a flat rate of \$100 per month for each employee. The difference in premium is solely at the employees' expense! Next year, if insurance rates go up (highly likely), you still pay \$100 per month per employee and the employee pays the difference. One hundred dollars per month translates to about 60 cents per hour.

One HMO player in the state allows you to pay 50 percent of the employee-only cost based on the youngest age band (employees under age 30). Currently, the total premium for a popular plan with that carrier is as low as \$130 per month. Therefore, you would pay \$65 per month per employee regardless of age. That breaks out to 40 cents per hour. (based on a 40 hours work week).

The big question

Would 40 to 60 cents per hour per full time employee be a good investment if it did the following:

- Increase employee morale and increase productivity.
- Slow down employee turnover and decrease training cost.
- Lessen (not eliminate) false work-related claims.
- Lessen the likelihood of your employee going to a competitor and taking inside knowledge and possibly some of your customer base.

In summary, there's potential cost to pay when you don't offer health coverage. There's social and financial benefit to our society by offering health coverage. Finally, your financial exposure as an employer is controlled with a defined contribution plan. The 40 to 60 cents an hour you might pay is less expensive than a 40 to 60 cent hourly salary increase because there are no payroll taxes on insurance premiums. So, next time you were think of giving your employees a raise, give them medical insurance instead. **HB**

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