

Small business owners'  
guide to employee  
health benefits



Humana®



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Why Humana?

# GETTING STARTED



RESEARCHING



SELECTING / COMPARING



ENROLLING





## RESEARCHING

Gather some information about your business and your employees so you can more quickly and easily identify the plan that's right.



## SELECTING/COMPARING



## ENROLLING

### Understand what your employees value in a plan

Find out if employees prefer to pay a higher monthly premium or pay more when they actually use services. Their preference for things like deductibles or copay costs can be influenced by their age, family size and financial situation. Find out which doctors and hospitals employees want to use, and gauge interest in offerings like drug plans.

[Download this health benefits survey](#) to identify what's important to your employees.

### Get a sense for your financial picture

Know upfront what funds you have available annually for health benefits. As you shop for plans and solicit quotes these figures will help you determine what your business can afford to contribute to the premium and how much you will expect your employees to contribute.

Tax credits and tax deductible contributions are another factor to consider when it comes to affordability. Your accountant can help you understand how these may benefit your business.





## RESEARCHING



## SELECTING/COMPARING

Get a sense for the three most common plan types so you understand your options and can start to assess which may be best for you.



## ENROLLING

### High deductible health plans (HDHPs):

(HDHPs) have a higher deductible that must be met before insurance kicks in. Typically they have lower monthly premiums and may be attractive for groups interested in catastrophic coverage.

### Copay only plans:

Copay only plans have no deductible for in-network services. Instead employees pay a fixed dollar amount (a copay) when they receive care. These plans may be attractive for people who want predictable costs for care.

### Traditional plans:

Traditional plans use a combination of co-pays, deductibles and coinsurance. The deductible and co-pay amounts are generally lower than other plan types, so premiums are often higher.

**Plan Pros + Cons** talks more about these plan types, and key considerations for each.





RESEARCHING



SELECTING/COMPARING



ENROLLING

Once you've selected a health insurance plan for your company, make sure employees understand their plan options and important deadlines so enrollment goes off without a hitch—without adding more to your plate. Here are three tips for success.



### 1. Communicate early, often and visibly about your plan

Educate employees about plan coverage and how the plan works, including examples for how the plan covers common situations like pregnancy or a visit to the emergency room. Provide clarity around cost so employees know their monthly premium costs, as well as out-of-pocket costs that apply when they see a doctor.

Keep in mind employees have different levels of availability—remote workers or delivery drivers might miss an in-office handout—so be sure that resources are made available online or sent in the mail so they're easily available to everyone.





## RESEARCHING

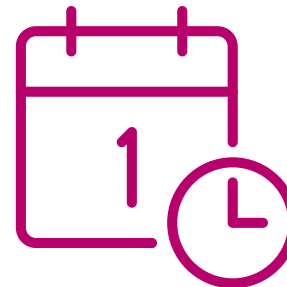


## SELECTING/COMPARING



## ENROLLING

Once you've selected a health insurance plan for your company, make sure employees understand their plan options and important deadlines so enrollment goes off without a hitch—without adding more to your plate. Here are three tips for success.



### 2. Give your employees enough time to enroll—and remind them of deadlines

Employees will need some time to think about their options. On average employers give their employees about 2 weeks to choose and enroll in their workplace benefits. Send reminder emails and text messages with important dates and deadlines.







## RESEARCHING



## SELECTING/COMPARING



## ENROLLING

Once you've selected a health insurance plan for your company, make sure employees understand their plan options and important deadlines so enrollment goes off without a hitch—without adding more to your plate. Here are three tips for success.



### 3. Tap into your carrier's support

Be sure to understand how employees should enroll—via phone, online, or paper forms—and ask about logistical assistance that may be available to employees during the enrollment process. For example, carriers often provide tools and materials to help streamline the employee experience, such as handouts, online decision support tools, webinars or phone support for employees.





# HOW COST IS DETERMINED



UNDERSTANDING  
COST VARIABLES



HOW PREMIUM RATES  
ARE DETERMINED



DETERMINING YOUR COST





## UNDERSTANDING THE COST VARIABLES

From a small business owner's perspective, an insurance plan's premium—the amount paid to the insurance company each month for coverage—is often the most important number. Typically, plans with lower premiums have higher deductibles – the amount the insured (your employee) pays for medical services before insurance kicks in. The two variables work a bit like car insurance; if you raise your accident deductible to \$2,000, your monthly payments will go down—but if you're in a crash, you'll owe \$2,000 before your insurance pays for any damage.



## HOW PREMIUM RATES ARE DETERMINED



## DETERMINING YOUR COST

**A copay** is a fixed dollar amount paid by employees when they use medical services. The amount varies based on the service.

### FOR EXAMPLE



Some plans have both a deductible and copay, and copays may continue even after the deductible amount has been met.





## UNDERSTANDING THE COST VARIABLES

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## HOW PREMIUM RATES ARE DETERMINED



## DETERMINING YOUR COST

**Coinsurance** is the percentage of cost for medical services the insured (your employee) pays after he's met his deductible.

### FOR EXAMPLE

**\$100**  
DOCTOR  
VISIT

### WHO PAYS



YOU PAY



INSURER







## UNDERSTANDING THE COST VARIABLES

From a small business owner's perspective, an insurance plan's premium—the amount paid to the insurance company each month for coverage—is often the most important number. Typically, plans with lower premiums have higher deductibles – the amount the insured (your employee) pays for medical services before insurance kicks in. The two variables work a bit like car insurance; if you raise your accident deductible to \$2,000, your monthly payments will go down—but if you're in a crash, you'll owe \$2,000 before your insurance pays for any damage.



## HOW PREMIUM RATES ARE DETERMINED



## DETERMINING YOUR COST

**A network** is a list of doctors, hospitals and providers that insureds (your employees) can see for medical care. The same plan with a different network can mean big differences in monthly premium costs.

### FOR EXAMPLE

#### PREFERRED PROVIDER ORGANIZATION (PPO)



**PREMIUM**  
HIGHER COST



**CHOICE OF PROVIDERS**  
A larger number of healthcare providers

#### NARROW NETWORKS



**PREMIUM**  
LOWER COST



**CHOICE OF PROVIDERS**  
Includes all specialties, but a more limited number of providers



## UNDERSTANDING THE COST VARIABLES



## HOW PREMIUM RATES ARE DETERMINED

For companies in the small group market, premiums are generally based on what's known as community rating. Each small business in a geographic area or community becomes part of a larger, more diverse group which helps spread out the healthcare cost risks. Everyone within that group – regardless of age, gender, health status or which employer they work for -- pays the same premium amount as determined by the insurer.



## DETERMINING YOUR COST

### How the community rating method benefits small businesses

Consider a hair salon which employs primarily women in their 20s. Its healthcare premiums may be higher due to the potential of pregnancy-related costs. Adding local banks, mechanics, and plumbers to the group adds diversity, which positively impacts premiums for everyone by spreading the risk across the entire community.

**Note:** Community rating is not used for large organizations because the size of their workforces affords a diverse risk pool.

### Rating restrictions

A few states impose rating restrictions and/or prohibit rating based on health status. Typically, this works one of two ways:

- **Adjusted community rating:** premiums cannot vary based on health status but may be adjusted based on other factors, such as age.
- **Health status rate bands:** premiums can vary based on health status, but rate bands limit the amount by which premiums can vary.



## UNDERSTANDING THE COST VARIABLES



## HOW PREMIUM RATES ARE DETERMINED



## DETERMINING YOUR COST

In 2017, average annual premiums for employer-sponsored health insurance were \$6,690 for single coverage and \$18,764 for family coverage. However, employers are not required to pay the entire premium, and most don't.<sup>1</sup>

Keep in mind that costs vary across insurance carriers and regions. Use this [interactive map](#) to find the average premium and deductible costs in your state.

<sup>1</sup>Source: [2017 Employee Health Benefits Survey](#); Kaiser Family Foundation.





# HOW YOU CAN INFLUENCE COST



SHARE THE COST  
WITH EMPLOYEES



RIGHT-SIZE YOUR  
PROVIDER NETWORK



PAIR WITH A  
SAVINGS ACCOUNT





## SHARE THE COST WITH EMPLOYEES

Employers are not required to cover the entire premium cost for their employees' health insurance, and, most don't. The employer determines how the cost is shared, although some insurance carriers and/or states require employers to cover up to 50% of the premium for employee-only coverage.



RIGHT-SIZE YOUR PROVIDER NETWORK



PAIR WITH A SAVINGS ACCOUNT

In 2017, employers contributed an average of 82% of the premium for employee-only coverage, and 69% for family coverage.<sup>1</sup> Contributing more towards the premium can be an effective strategy to attract and retain quality employees.

### 2017 EMPLOYER CONTRIBUTIONS

#### EMPLOYEE ONLY COVERAGE



#### FAMILY COVERAGE



<sup>1</sup>Source: [2017 Employee Health Benefits Survey](#); Kaiser Family Foundation.





## SHARE THE COST WITH EMPLOYEES



## RIGHT-SIZE YOUR PROVIDER NETWORK

Each health plan has a network, which is a list of doctors and hospitals that members can see. The same plan with a different network can mean significant differences in monthly premium costs.



## PAIR WITH A SAVINGS ACCOUNT

### **If an employer wants a more economical premium cost,**

choosing a plan with a limited network may help. Those who want greater choice will pay more for access to a network with more providers. For instance, a “bronze” plan may offer a smaller number of providers, whereas “silver” and “gold” plans offer a larger selection of doctors and providers. All networks include all specialties, but a smaller network may offer only two orthopedists, for example, while a larger network may offer 10 or more.

### **When a skinny network can be a good option**

More limited networks (sometimes called skinny networks) are comprised of local, community-based medical providers, so they can be a good choice for a workforce who works at a single location and therefore lives within proximity to the job site/office.







## SHARE THE COST WITH EMPLOYEES



## RIGHT-SIZE YOUR PROVIDER NETWORK



## PAIR WITH A SAVINGS ACCOUNT

A tax advantaged savings account won't help with premium costs for you or your employees, but it enables them to use pre-tax dollars to pay for their out of pocket medical expenses.

**A Health Savings Account (HSA)** is the most common type of a tax advantaged saving account, and it's used only in conjunction with a High Deductible Health Plan (HDHP). Employees contribute a set amount of pre-tax money directly into their HSA through payroll deductions. Employers can contribute to the account as well, and often do as a means to help their employees offset higher upfront costs for care.



## HSA FUNDS

are employee owned for life, and stay with workers even if they change jobs.

While both the employee and the employer can contribute to the account, the employee owns the funds for life. Interest earned on the funds is tax-free, and the funds can grow from year to year, so employees can use the funds to pay for qualified healthcare expenses next month or during their retirement.





SHARE THE COST  
WITH EMPLOYEES



RIGHT-SIZE YOUR  
PROVIDER NETWORK



## PAIR WITH A SAVINGS ACCOUNT

A tax advantaged savings account won't help with premium costs for you or your employees, but it enables them to use pre-tax dollars to pay for their out of pocket medical expenses.

**A Flexible Spending Account (FSA)**, another type of tax advantaged savings account, is compatible with any type of health plan offered through an employer. Like an HSA, employees contribute pre-tax dollars to this account via payroll deductions (and employers can contribute too). But with FSAs funds are “use it or lose it,” so at the end of the calendar year (or up to mid-March of the following year) any unused funds revert to the employer.

**Note:** Some FSAs allow for a \$500 rollover amount.



### FSA FUNDS

are “use it or lose it” and do not carry over at year end.





# PLAN PROS + CONS



HIGH DEDUCTIBLE  
HEALTH PLAN



TRADITIONAL PLAN



COPAY ONLY PLAN







## HIGH DEDUCTIBLE HEALTH PLAN

This plan is best for a workforce with many young and/or healthy employees with low healthcare use. It offers a lower monthly premium in exchange for a higher deductible.



## TRADITIONAL PLAN



## COPAY ONLY PLAN

### Be aware

The lower upfront cost means employees pay for medical services until they meet the (high) deductible and insurance kicks in.

- For 2018, these plans must have a minimum deductible of \$1300/single and \$2600/family<sup>1</sup>

### Ways to drive down cost

Pair with a Health Savings Account (HSA) so employees can contribute pre-tax dollars to help pay for healthcare expenses now, and in the future.

- Funds are employee-owned for life
- Funds earn tax-free interest, and build from year to year

<sup>1</sup>Source: [IRS announces 2018 limits for HSAs and HDHPs](#); Willis Towers Watson; 2017.

[Browse Humana's plans for small businesses.](#) 





## HIGH DEDUCTIBLE HEALTH PLAN



## TRADITIONAL PLAN

This plan is best for employees who want flexibility to receive care from in- or out-of-network doctors or hospitals. It helps pay doctor bills, lab tests and prescriptions from the first day.



## COPAY ONLY PLAN

### Be aware

Generally, the insurer pays 80% of the cost for medical services and the member is responsible for the rest, plus the copay. Copayments continue, even after the deductible is met.

### Ways to drive down cost

Employees can pay less for care by choosing in-network providers.

[Browse Humana's plans for small businesses.](#) 





## HIGH DEDUCTIBLE HEALTH PLAN



## TRADITIONAL PLAN



## COPAY ONLY PLAN

This plan is best for employee with regular healthcare needs because there's no deductible to meet before insurance kicks in when in-network providers are used. It lets members know the upfront costs for medical services, from specialist office visits to having a baby.

### Be aware

A deductible typically applies when out-of-network doctors and facilities provide medical services.

### Ways to drive down cost

Reduce premium costs by opting for a “narrow network” which has a smaller group of medical providers, and often relies on a primary care physician to direct care.

- Out of area coverage can be limited, so this is best for a workforce who works at a single location

[Browse Humana's plans for small businesses.](#) 



# REAL LIFE



HAVING A BABY



SICK CHILD VISIT



EMERGENCY ROOM VISIT







## HAVING A BABY

The average cost to welcome a child to the world is \$13,540.



## SICK CHILD VISIT



## EMERGENCY ROOM VISIT

### \$3900 with a traditional plan

The member is typically responsible for 20% of her medical costs up to the deductible (\$2700)—and a percentage of the costs after that, including hospital charges for herself (\$200 coinsurance) and the baby (\$200 coinsurance), obstetric care (\$200 coinsurance), and lab tests (\$800 coinsurance). All of which totals \$3900 for a two-day stay.

### \$2500 with a copay plan

Here, there is no deductible, so the member will pay one charge for her entire hospital stay.

**Net-net:** The member fares better with a copay plan, in addition to knowing labor and delivery costs up front.

These examples are for illustrative purposes only. Services based on average costs and average copays (what you pay) if you use in-network providers. Actual costs for medical services will vary by plan and geography.





## HAVING A BABY



## SICK CHILD VISIT

Visiting a primary care doctor when your child has an ear infection is \$200.



## EMERGENCY ROOM VISIT

### **\$200 with a high deductible health plan (HDHP).**

The visit will cost the member the full out-of-pocket price (\$200), unless he's already met his deductible for the year. In 2018 HDHPs must have a minimum family deductible of \$2600.<sup>1</sup>

### **\$45 with a copay plan.**

The member would pay an average of \$45 for an office visit copay.

### **\$40 with a traditional plan.**

The member would owe about 20% of the doctor's services, or \$40.

**Net-net:** Here, the member pays about the same with a co-pay or traditional plan, both of which cost less than the HDHP amount.

<sup>1</sup>Source: [IRS announces 2018 limits for HSAs and HDHPs](#); Willis Towers Watson; 2017.

These examples are for illustrative purposes only. Services based on average costs and average copays (what you pay) if you use in-network providers. Actual costs for medical services will vary by plan and geography.





## HAVING A BABY



## SICK CHILD VISIT



## EMERGENCY ROOM VISIT

In an emergency you're probably not comparing costs, but a trip to the ER averages \$6,600.

### **\$2760 with a traditional plan.**

You'll pay about \$2,760 for services after you pay your deductible, plus coinsurance for the emergency room doctor, X-rays and lab tests, among other things.

### **\$1200 with a copay plan.**

You'll owe about \$1,200 for everything, including straight copays for the ambulance, ER and any advanced imaging.

**Net-net:** You'd fare better with a co-pay plan, even with unexpected medical issues.

These examples are for illustrative purposes only. Services based on average costs and average copays (what you pay) if you use in-network providers. Actual costs for medical services will vary by plan and geography.



# WHAT TO LOOK FOR



TELEMEDICINE ACCESS



WELLNESS PROGRAMS



PHARMACY COVERAGE



CUSTOMER SATISFACTION







## TELEMEDICINE ACCESS

This is a virtual appointment with a doctor that takes place by phone or online video conference from your smart phone or computer. Telemedicine doctors can treat a wide variety of non-emergent health care needs including allergies, skin rashes, cold and flu.



## WELLNESS PROGRAMS



## PHARMACY COVERAGE



## CUSTOMER SATISFACTION

More than simply an option when you can't see your regular doctor, the benefits include:

- **Indirect cost-savings for employers.**

When employees don't spend hours away from work to visit a doctor, absenteeism drops and in turn productivity improves.

- **Convenience for employees.**

Anywhere, anytime availability eliminates travel time and related stresses – big plusses for road warriors and working parents alike.

Telemedicine is part of Humana's integrated care delivery model that provides healthcare services where and when patients/members need it.



## TELEMEDICINE ACCESS



## WELLNESS PROGRAMS

Wellness programs are widely considered a helpful way to lower and control healthcare costs, since they encourage workers to adopt healthy habits that manage weight and lower stress levels, among other things.



## PHARMACY COVERAGE



## CUSTOMER SATISFACTION

Employee access wellness programs can also have a positive impact on productivity. Humana's three-year study of its [Go365](#) wellness program revealed a clear correlation between program participation and fewer unscheduled work absences.<sup>1</sup>

Humana's insurance [plans for small companies](#) include access to the Go365 wellness program at no additional cost, and companies can earn a 15% credit when employees engage in the wellness program.

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<sup>1</sup>Source: [Go365 3-year impact study](#); Humana; 2015.



## TELEMEDICINE ACCESS



## WELLNESS PROGRAMS



## PHARMACY COVERAGE

Specific pharmacy benefits will depend on a specific health plan, but as you're comparing plans take time to understand how the plan(s) you're considering covers prescriptions. Also look for a plan that offers access to both retail and mail delivery pharmacies.



**Retail locations:** Convenient for one-time prescriptions such as for antibiotics for an ear infection.



**Mail delivery, such as [Humana Pharmacy®](#):** Can be a cost-effective option for members who rely on daily prescription medication to manage chronic conditions, such as diabetes or high blood pressure.



## CUSTOMER SATISFACTION



TELEMEDICINE ACCESS



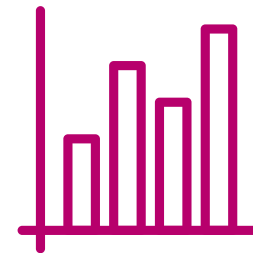
WELLNESS PROGRAMS



PHARMACY COVERAGE



**CUSTOMER SATISFACTION**



**Factor in customer ratings**

for the insurance company you're considering. The American Customer Satisfaction Index (ACSI) offers insight into actual customer sentiment about elements such as access to care, claims processing timelines, website experience and call center support. You can view the most recent ACSI report [here](#).



**Check the insurer's financial health**

The more financially stable a company is, the less likely it may be to fail or be unable to pay for claims. Ratings agencies such as A.M. Best, Fitch, Moody's and Standard & Poor's offer carrier ratings for all insurance companies.



# Why Humana? We make it simple.

Whether you employ just a couple people or up to 50, we have flexible options to fit your needs and budget. And it's easy to compare our plans and get a free quote.

Save time and get support along the way:

- Dedicated small business representatives just a phone call away
- 1:1 consult to answer your questions

Plus, all our plans include wellness solutions to help your employees get and stay well so your business can thrive.



Talk to a small  
business specialist  
**844-265-1422**



Compare plans and  
[Request a quote](#)

Humana group medical plans are offered by Humana Medical Plan, Inc., Humana Employers Health Plan of Georgia, Inc., Humana Health Plan, Inc., Humana Health Benefit Plan of Louisiana, Inc., Humana Health Plan of Ohio, Inc., Humana Health Plans of Puerto Rico, Inc. License #00235-0008, Humana Wisconsin Health Organization Insurance Corporation, or Humana Health Plan of Texas, Inc., or insured by Humana Health Insurance Company of Florida, Inc., Humana Health Plan, Inc., Humana Health Benefit Plan of Louisiana, Inc., Humana Insurance Company, Humana Insurance Company of Kentucky, Humana Insurance of Puerto Rico, Inc. License #00187-0009, or administered by Humana Insurance Company or Humana Health Plan, Inc. Statements in languages other than English contained in the advertisement do not necessarily reflect the exact contents of the policy written in English, because of possible linguistic differences. In the event of a dispute, the policy as written in English is considered the controlling authority. For Arizona residents: Offered by Humana Health Plan, Inc. or insured by Humana Insurance Company. Administered by Humana Insurance Company. Please refer to your Benefits Plan Document (Certificate of Coverage/Insurance or Summary Plan Description) for more information on the company providing your benefits. Our health benefits plans have exclusions and limitations and terms under which the coverage may be continued in force or discontinued. For costs and complete details of the coverage, call or write your Humana insurance agent or broker.

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