Health care benefits are optional for smaller employers, and critically important to most employees. Benefits are an important component in an employee compensation package, and health care benefits are the most prized.

According to a survey conducted by Monster Insights, health care benefits are the most popular benefit to employees and job seekers.\(^1\) Every employer must at least consider whether to offer these types of benefits. There are seven key advantages that can impact your business and your most valued asset — your workforce.

---

**ADVANTAGES OF OFFERING HEALTH CARE BENEFITS**

1. **Attract and retain the most qualified employees.** Whether health insurance is absolutely necessary to attract and retain the most qualified employees will depend upon whether an employer’s competitors or other similarly-sized employers are offering health insurance. One national study shows an interesting trend with employee perceptions on health benefits offered through their employers. The study shows concerns about Health Care Reform, slow job growth, and uncertainty in Washington, D.C. appears to have boosted the perceived value of employee benefits. More employees report they are very satisfied with the benefits they receive at work than at any time since the Monster Insights survey began 11 years ago.\(^2\) In addition, the Study finds a significant rise in the number of employees who agree that benefits are a very important reason they joined and or stayed with their company. The economy has created an even more competitive environment for employers. Many industries and regions in the country report that it is difficult to fill skilled positions and employers are struggling to find workers.\(^3\) Providing health insurance benefits could help recruit and retain good employees. Employees often will accept better benefits in lieu of a higher salary, which can be a savings to businesses.
2 Avoid Health Care Reform assessments. The Affordable Care Act and related legislation requires employers with 50 or more full-time employees (or a combination of full-time and part-time employees that is equivalent to 50 full-time employees) to offer adequate health coverage or be subject to assessment if their employees receive premium tax credits to buy their own insurance. This mandate is effective in 2015. Purchasing health coverage could provide a valuable return on the dollars as opposed to paying an assessment.

3 Gain tax advantages. Employers can offer employees a benefit that increases their compensation package and allows an income tax deduction for the contribution, so that an employer’s out-of-pocket cost is less than the value of the benefit to the employee. Self-employed individuals can deduct 100 percent of their health insurance premium costs as a business expense. Employers can always deduct 100 percent of premiums for employees. If the business is incorporated, all costs for the business owner’s own insurance as well as employees’ are deductible. This can be a tax advantage for both the employer and employee.

4 Take advantage of the small business health care tax credit. Small businesses with less than 25 employees may be eligible for a tax credit for purchasing health insurance for their employees. Beginning in 2014, the maximum credit will increase to 50 percent of premiums paid for small business employers and 35 percent of premiums paid for small tax-exempt employers. This means if an employer pays $50,000 a year toward workers’ health care premiums — and if an employee qualifies for a 20 percent credit, they can save… $10,000 a year. Check with the IRS for details on tax credits and process.

5 Offer employees group purchasing power. Employers, with more than 50 eligible employees, can pass on group rates and offer health insurance to employees at often lower rates – for similar plans in the individual market.

6 Ensure the wellness of your workers. Insurance plans offer preventive care that can keep employees healthy and working. If employees do not get preventive care and yearly physicals (which they might not do if they do not have insurance), employers could end up having more employees out for long periods of time with serious illnesses or employees could be less productive when present.

7 Protect employees from financial peril. Health insurance helps protect the personal health and the financial health of your employees. Uninsured expenses can have a very significant impact on employee’s financial state and are a leading cause of bankruptcy. Employees in financial distress are distracted and much less productive. Protecting their financial future can help maintain focus on their job and your business.

Health insurance benefits help attract and retain quality employees, businesses get the tax advantage of deducting plan contributions. Business owners may be able to get tax savings or tax credits and avoid Health Care Reform assessments, if applicable. In addition, employers can pass on savings, protect their employees from financial peril from lack of insurance, and ensure the wellness of employees.

---

4 http://www.irs.gov/uac/Small-Business-Health-Care-Tax-Credit-for-Small-Employers

---

A Health Plan That Is Good For Business

www.optimahealth.com