

# GETTING STARTED WITH employee benefits

AN EASY-TO-UNDERSTAND LOOK AT IMPLEMENTING A HEALTH INSURANCE PLAN IN YOUR FLORAL BUSINESS.

BY JIM CARROLL

In the United States last year, 43.6 million Americans of all ages (14.8 percent of the population) did *not* have health insurance of any kind, either private or government. And among working-age Americans (those ages 18-64), the number was 19.8 percent, up nearly 1 percent from 2005.\*

As the costs of both health care and health insurance in the U.S. continue to skyrocket, with no end in sight, employment-based health plans are essential perquisites sought by nearly all job seekers. But in industries such as ours, where businesses commonly are small, such benefits often are not provided by employers.

If you are interested in a health insurance program for your company, this article provides a blueprint for assessing the feasibility of offering such plans as well as a basic understanding of how they can be implemented and work for you and your employees.

## is it worth the effort?

When determining whether to offer an employee health insurance benefit program, you, as a floral business owner, should first answer the following two questions:

*1. Is it worth the time, money and effort to do so?*

Health insurance plans often help employers attract and retain good employees, but only you, as the business owner or manager, can determine whether implementing such a plan is worth the effort and cost.

*2. Will my employees view this as a benefit to them, or will they decline any offering made?*

Communication is key to any program. It takes some time to effectively communicate a new plan; however, the budget you set for this ultimately will determine the success or failure of the offering. If coverage is offered without the benefit of employee meetings, question-and-answer sessions and informational fliers, a lot of money can be spent with little appreciation from the people for whom it is meant. Employees can't appreciate what they don't fully understand.



## types of employee benefits to consider

Listed here are various types of employee benefit coverage that you can consider for possible implementation in your business, in the order of importance as determined by insurance industry authorities.

- Medical
- Life
- Disability
- Dental
- Accident
- Critical illness
- Vision
- Long-term care (sometimes higher on the list for business owners and other company principals)

## do they want coverage?

Floral business owners often request quotes for premiums for employee health insurance coverage without having any coverage in place. This approach puts the cart before the horse, so to speak. Invariably, the premiums scare both the employer and the employee away.

A better first step is to determine if the employees truly desire health insurance coverage, and if so, how much of their own money they are willing to contribute toward the policy. This is vital to a successful program. Employees who have coverage under their spouses most likely will not be interested. And if the employer does not contribute an adequate amount, the usual participation requirement of 50 percent may not be met.

Employees must be honest about whether they truly are willing to pay a

\* CDC (Centers for Disease Control and Prevention) National Center for Health Statistics' "2006 National Health Interview Survey"



portion of the premium. If they hesitate or do not have an acceptable figure in mind, implementing a program could be difficult.

If you, as the business owner, can determine a monthly amount you are willing to contribute and add that to the dollars the employees are willing to pay, this is the first step to coming up with a premium figure that an insurance expert can work with.

If employees seem to have no interest in contributing to coverage, move away from the group idea and look at individual coverage. Individual plans do not require levels of participation to be met, so there is no problem with only certain employees electing coverage.

### is coverage a possibility?

Because many floral industry groups are smaller in terms of the number of employees, there are some limits to funding the coverage. We already have discussed what you can do to determine “price points”; however, the price tag for health insurance has reached levels for some where affordability is not possible. This may be where Limited Medical Plans become a possibility. These types of programs do not provide the catastrophic coverage levels commonly found in regular plans but do provide some level of coverage not currently available.

As the number of employees covered under a plan increases, so do the choices for funding the plan. Usually, groups of more than 50 employees begin to see opportunities to partially self-fund (set aside cash periodically to pay for certain health care costs directly) and increase their cash flow.

If the group of covered employees exceeds 200 insured employees, all funding devices then become available, including full self funding. The most important piece of

information to understand here is that employers begin to reap the benefits of their size by having the advantage of increased cash flow (pay as you go instead of an up-front monthly premium) and reduced administrative costs.

The funding of a small group plan is much more rigid, with premiums due up front and no chance for increased cash flow. Some small groups are finding innovative ways to improve their cash flow by buying higher-deductible plans and agreeing to self-fund part of the higher deductible for the employees.

For example, if a \$2,000 deductible is in force and an employer decides to increase this amount to \$5,000, the savings that employer generates goes into a fund that can be used to help employees pay the higher deductible. Very few employees will reach these deductible levels, so the employer typically comes out ahead. Even in a worst-case scenario, the risk is finite to the employer.

### what’s the answer?

All small businesses are struggling with health insurance costs and are searching for ways to provide coverage at premium levels that are acceptable to both them and their employees.

Until consumers start thinking about the costs of health insurance and health care differently, until they start shopping around for the best prices and service, and until the ways in which health care services are provided and paid for are changed, employers should rely on trusted advisers to help them with tough choices and stay abreast of new health insurance options that can help them reduce the costs to their businesses. ■

---

*Jim Carroll is a regional sales vice president at Hortica Insurance & Employee Benefits, Edwardsville, Ill. Contact him at (800) 851-7740.*  
**[www.hortica-insurance.com](http://www.hortica-insurance.com)**