

Health Insurance

This Important Medical Benefit Also Alleviates Tax Pain

*A Complimentary Resource from
Breedlove & Associates*

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Health Insurance Premiums Are Considered Non-Taxable Compensation

Because health insurance is critically important, the government uses tax incentives to encourage employers to provide coverage for their employees. Therefore, household employers can provide health insurance premiums and have it be considered non-taxable compensation. This means the entire amount of the premium is tax-free to you and also tax-free to your employee – making it a great way to increase the "take-home" pay for an employee without increasing your out-of-pocket costs.

Insurance Providers

By law, health insurance must be bought through state-licensed providers. Due to the increasing self-employment pool in America, more health insurance companies are beginning to offer comprehensive plans for individuals. Because there are still some illegitimate insurance providers in every state, we recommend that you exercise caution and allow ample time to research the various providers in your area. Reputable carriers like Blue Cross Blue Shield, Kaiser, Principal, etc. are a great place to get started. If you don't have time to do the homework, consider a healthcare specialist like Sterling Capital Management Group. They screen providers in each state and can provide information and expert guidance through every step of the procurement process. Their number is 703-250-6722.

Coverage Options

Generally, there are four types of health plans (from least expensive to most expensive): (1) Catastrophic Care, which covers hospitalization only; (2) Health Maintenance Organizations (HMOs), which offer full coverage if you utilize their medical facilities and/or their limited choice of physicians; (3) Preferred Provider Organizations (PPOs), which offer full coverage through large physician networks; and (4) Indemnity Plans, which allow patients to see any physician at any medical facility – no limitations at all. Within each of these types of plans, there are numerous options on deductibles, co-pay amounts, prescription benefits, emergency care benefits, etc.

Costs

Unfortunately, getting an accurate quote for an individual health plan involves more than a quick phone call. There are many options and each comes with different levels of coverage and costs. In addition, the individual being covered will be a key factor in the cost of the plan; age, weight, health condition/history, lifestyle, where she lives, etc. will contribute to an overall health profile and be used to determine the amount of the monthly premium. Because of the customized nature of the process, it takes a little time to obtain accurate price quotes. For general budgeting, however, you can estimate premiums ranging from \$200 per month to more than \$350 per month.

If you have any questions or if you would like a free consultation on your specific situation, please call us at 888-BREEDLOVE (273-3356). We're here to help.

