



The Best Health Insurance Options For The Self-Employed 4/18/2008

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By Dennis McCafferty

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Health insurance has become a growing cost for many small business owners. Take a look at these numbers:

More than half of small business employers spent up to 10 percent more on health insurance in 2007 than in 2006, and nearly 10 percent of employers surveyed say they'll either drop or consider dropping coverage this year, according to the National Association of Professional Employer Organizations.

Employer-sponsored health insurance coverage rose 6.1 percent in 2007, far outpacing increases in wages, which rose 3.7 percent last year, according to the Kaiser Family Foundation's Employer Health Benefits Survey. Since 2001, premiums for family coverage have increased 78 percent while wages rose 19 percent and inflation rose 17 percent.

According to a recent study from America's Health Insurance Plans, family coverage for an individual purchaser costs an average of \$5,799 per year in premiums.

Independent business owners who are sole proprietors could get caught in an even tighter bind to afford health insurance. "I've been a sole proprietor for nearly 12 years, and health insurance is a hassle," says Shari Goldstein, who runs her own marketing firm in Long Island, N.Y. "I have a policy that costs over \$650 a month. I'm just glad that I can afford it."

That said, there are ways to reduce the problems associated with obtaining insurance for yourself.



Lorne Zalesin,
CEO of MyInsuranceExpert.com

Do the homework.

Buying into any insurance plan requires research, with respect to the nuts-and-bolts of deductibles, out-of-pocket expenses and the lifetime cap on coverage, as well as policies on wellness visits. Examine all factors and figure out what plan is right for you and your health situation, as well as what health factors might come into play later in life. "Some insurance companies do not offer wellness visits at all," says Lorne Zalesin, CEO of MyInsuranceExpert.

com. "Others quote deductibles based upon the number of adults in the family, meaning a \$2,500 deductible is actually \$5,000 for a husband and wife. Some only insure \$1 million max for a lifetime, and others up to \$5 million." Make sure you understand all options.

Seek out plans via membership associations.

Even if you're in business for yourself, there are likely a number of industry-specific membership groups you can join. In many cases, they're tools for networking. But some offer benefits that can help you find health care coverage. "I joined the National Business Association of America, and it was extremely helpful," says Matthew Goodemote, a physical therapist who runs his own wellness center in Gloversville, N.Y. "Because I was a member of a large group, I was able to secure excellent coverage for about \$500 a month for me, my wife and two kids. The co-pays per office visit are only \$10, including specialists."

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Consider consumer-driven health plans.

Commonly referred to as CDHPs, these plans place more responsibility on the insuree to help direct coverage on health care needs, instead of adopting the traditional managed-plan approach. It often combines a high-deductible approach with a tax-friendly health savings plan—as well as a carry-over system that allows unused health care funds to be carried over to the next calendar year—to keep premium costs down. “Not only do CDHPs help individuals save money in a tax-advantaged account, but they also protect against high health care expenses and give consumers greater control of their health care dollars,” says Douglas King, general manager of small group sales with Health Net of California. In the case of Health Net, independent business owners buy into CDHPs with debit card access to the plan’s savings account to allow for more convenient payment of non-covered items. The company also provides health coaches who are available to help address any member questions about health care decisions.

Specialty supplemental policies have emerged.

Given that rising premiums are a burden for independent business owners, new supplemental policies are being introduced all the time. AIG American General, for example, recently introduced the Accident Expenses Plus plan to ensure out-of-pocket costs from an accident or critical illness don’t endanger company finances. That could be of interest to a self-employed, independent business owner like a home remodeler, electrician, tree-removal expert or any other professional who has a risk of injury in a day-to-day routine.

Think positively.

In the end, running a nonemployer company has its benefits. If you are the sole employee of your business, you can take advantage of having an individual policy instead of a group policy for a small business. Individual health insurance can be less costly, as much as 30 to 50 percent cheaper when it comes to monthly premiums, Zalesin says. “Group policies are underwritten based on the risk of the group, small or large,” he says. “Since most small companies have a few high-risk individuals, the lower-risk individuals end up paying for those high-risk people.”

MyInsuranceExpert.com offers cost-effective options for consumers looking to purchase health, dental travel and life insurance.

With individual health insurance being the company’s flagship product, consumers apply online, providing basic information about location, gender and age and immediately receive approximately 300 quotes for different insurance options. With an insurance provider chosen, a licensed advisor assists the consumer with the application process, and follows up several months later to ensure that the policy still meets the client’s needs.