

## Five Health Insurance Tips for the Micro Business

eHealthInsurance (NASDAQ: EHTH), the leading online source of [health insurance](#) for individuals, families and small businesses, today released five tips for Micro Businesses. These tips are derived from questions frequently asked by the self-employed and micro-business owners who have contacted eHealthInsurance's customer care center, which includes a call center staffed with licensed health insurance agents. A [newly released survey](#)(1) of consumers conducted in eHealthInsurance's customer care center shows that nearly 25 percent of consumers calling with questions were self-employed. More than half of all customers surveyed (56.1 percent) listed themselves as self-employed or working for a business with fewer than 20 employees. Many of these accidental entrepreneurs are debating the pros and cons of selecting [individual health insurance](#) products over [small group health insurance](#) products.

The individual market differs from group insurance in many ways. The answers provided here are intended to clarify some of those differences for the newly self-employed who may be entering this health

insurance market for the first time.

*1. Understand how medical underwriting of small group plans differs from those of individual and family plans:* If you apply for a small group health insurance plan the insurer will medically underwrite your policy, which means they'll review the health status of everyone on the application order to determine what to charge you each month for your coverage.

Health insurance plans for families and individuals are also medically underwritten, but if the insurer determines that your medical risks are too high they can deny your application for coverage.

The benefit of buying individual or family coverage is that those plans are, on average, approximately sixty-percent less expensive than group plans(2). The downside is that applications for coverage can be denied.

*2. Understand how small group plans differ from family plans:* Family plans are typically designed for one or two adults and any children or "dependants" you may have. Once children turn 18 they are

usually no longer eligible for your family plan unless they become full-time college students. Full-time students can stay on a family plan until they graduate; different policies have different age caps for college students.

A small group plan requires at least two people in most states, and the second person can be a spouse, provided they are an employee of the business. Insurance companies require proof of employment, which means you may have to provide some form of documentation.

*3. Understand the tax advantages/disadvantages between small group plans and individual/family plans:* eHealth is not qualified to provide tax advice, but there are few basic things you should know. Individual and family health insurance products are typically not tax deductible, even for the self-employed.

On the other hand, if you have a small group health insurance plan the money you spend on premiums for yourself, your employees and any dependants can often be tax deductible.

A licensed health insurance agent can answer basic questions about the tax

treatment of small group health insurance premiums in your state, as well as at the federal level. If you have detailed questions about the tax treatment of different types of health insurance policies and how they'll impact your business it's also a good idea to consult a tax expert.

*4. Get the basics on HSAs and Business HSAs:* Health Savings Accounts (HSA) are tax-advantaged accounts you can use in conjunction with qualified high-deductible health insurance plans. HSAs allow you to deposit a portion of your pre-tax income into an account which can grow tax-free and use those funds to pay for qualified medical expenses.

You can find more information on HSAs at eHealthInsurance's HSA Resource Center, which is located at [www.ehealthinsurance.com/hsa](http://www.ehealthinsurance.com/hsa)

*5. Understand how pre-existing conditions can impact your eligibility for individual and family plans:* If you live in New York, New Jersey, Massachusetts, Maine or Vermont, you cannot be denied individual and family health insurance coverage due to pre-existing conditions.

In other states your health insurance may be medically underwritten and you could be denied private coverage. But, it's important not to assume you won't qualify. Some pre-existing conditions can, and are, insured every day. A good agent can direct you to carriers that are more likely to provide coverage to you even if you

have a moderate pre-existing condition, like a back problem or asthma. If you do not qualify for coverage, we encourage people to contact the eHealthInsurance call center at 1-800-977-8860 or to contact the Foundation for Health Coverage Education at [www.Coverageforall.org](http://www.Coverageforall.org). Experts at eHealth or the FHCE can help you find free or low-cost alternative sources for medical coverage when mainstream options are not available.