

Small Business Resources

Problem we are trying to solve: A number of small businesses are not covering or moving away from providing health coverage for their employees.

Outlook in Colorado: With the pandemic, small businesses in Colorado are especially vulnerable and employ a large portion of our population.

Role of Connect for Health Colorado: After evaluation of our current small group pilot, we could become the resource for small business across the state.

Small businesses and employers (typically 1-50 employees) who want to provide insurance to their employees are in a unique group. Small Business Health Options Program (SHOP) was a part of the ACA but many states, including Colorado, have turned away from running a SHOP program on their SBMs. From a Small Business survey conducted in 2019 by the Small Business Administration, there were about 1.1 million employees employed in small businesses in Colorado and self-employment was highest in the most rural parts of our state. Currently, we direct all small group inquires directly to the only issuer in our market, Kaiser.

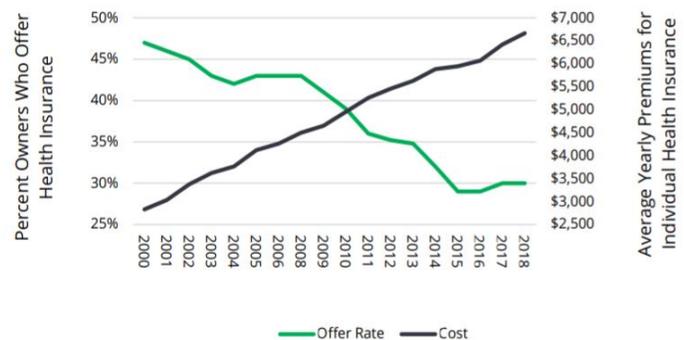
In a survey of small businesses done in 2020, by the National Federation of Independent Business (NFIB), almost 3,000 businesses responded to current concerns.

The costs of health insurance continue to be the number one issue reported for both employers and employees for the last 20 years. Costs and complexities for small businesses have increased 43% over the last decade, this has outpaced wages and inflation in the same time period. This has resulted in small businesses to forgo coverage all together or delay offering coverage until they are more profitable. According to Chart 1 from the NFIB survey, coverage costs and small businesses offering coverage are diverging in the last 18 years. In this case some small businesses have been turning to a new option for coverage.

CHART 1

Health Insurance Offer Rates and Average Yearly Premiums for Businesses with Less Than 50 Employees, 2000 - 2018

Source: Agency for Healthcare Research and Quality, Center for Financing, Access and Cost Trends. Medical Expenditure Panel Survey-Insurance Component.



Another route small businesses are moving toward are Health Reimbursement Arrangements (HRAs). HRAs allow employers to contribute to qualifying medical expenses. With HRAs going into effect at the beginning of 2020 we do not have the data to determine interest of this program but, the projected increase would directly involve the individual market. In the market in Colorado, Peak Health Alliance has started to offer Individual Coverage HRAs (ICHRAs) for Small Businesses. ICHRAs are specific HRAs that allow those funds to be used for monthly insurance premiums. This program is being advertised to businesses that they can offer this type of coverage; not only full-time employees but seasonal and part-time as well. This could appeal to small businesses in the mountain communities, as Peak has now expanded to 7 counties.

Colorado has not been in the Small Group space for a while. With the 'lackluster' enrollment through the SHOP program, Colorado opted to use direct enrollment with the carrier as the frustration was greater for business owners than the benefit of the program. Connect for Health Colorado learned from small businesses that the process was frustrating due to the complexity and costs of coverage. Connect for Health Colorado shifted resources and focused on making the individual market experience the best it could be. Recent results of a COVID-19 survey of small businesses, show that 78.8% have been negatively affected by the pandemic and are looking for help and answers.

Last quarter, Connect for Health Colorado started working to reduce the administrative burdens that small businesses face through implementation of a Small Business Pilot for micro businesses with less than 50 employees. This Pilot program connects small businesses with brokers in their area to get more information. The brokers were provided with several webinars and resources to help them build their small business coverage knowledge. Without any advertising or outreach, from August 3-September 24 of this year, Connect for Health Colorado has received 85 inquiries from small businesses and connected them all to local brokers to help them enroll. We are still tracking this program and its impacts.

References and Further Reading:

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