



## Buying Group vs. Individual Health Insurance

### BUSINESS/GROUP INSURANCE

**Definition:** One or more employees in the business can be insured on one policy.

**Pros:** Benefit to help recruit and retain employees. No underwriting requirements other than rate determination. All employees accepted regardless of health condition. Maternity coverage provided. Preventive care is generally covered.

**Cons:** Premiums are normally higher than individual insurance.

### INDIVIDUAL/FAMILY INSURANCE

**Definition:** One person and/or his or her dependents can be insured on one policy.

**Pros:** Premiums are normally lower than group insurance. There are several plans to choose from. Family dependents can usually be included on plan.

**Cons:** Applicant and dependents must be healthy to qualify. Underwriting process can be instantaneous to 6 weeks or longer. Maternity is typically not covered.

### CONSIDERATIONS WHEN BUYING BUSINESS/GROUP INSURANCE:

The employer is required to pay a minimum of 50% of the employee-only cost; they do not have to contribute anything for dependent coverage. In the small group market (less than 50 employees), the employer also makes the determination regarding:

- The classes (i.e., management, hourly, salary, etc) of employees eligible for insurance.
- The number of hours an employee must work to be eligible (24-40 hrs.)
- The length of time between the hire date and when the employee can join the plan (i.e., 30 days, 60 days, one year). The employee's coverage is typically effective the 1<sup>st</sup> of the month following this waiting period.