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More small companies adding health insurance

In Idaho, Blue Cross says some businesses that had cut benefits are showing renewed interest.

Major insurers around the country say a growing number of small businesses are signing up to give their workers health benefits. One major health insurer in Idaho reports a similar trend during the past several months.

“We have seen a huge increase in the number of small employers requesting quotes,” said Karen Early, spokeswoman for Blue Cross of Idaho. “And we’ve certainly seen a shift in small employers keeping coverage for their employees.”

An important selling point has been a tax credit that the nation’s new health care law provides to companies with fewer than 25 employees and average salaries under \$50,000 to help offset the cost of providing benefits.

The tax break is one of the few provisions to kick in early; much of the law rolls out over the next few years.

Blue Cross Blue Shield of Kansas City, the largest insurer in the Kansas City, Mo., area, is reporting a 58 percent jump in the number of small businesses buying insurance since April, the first full month after the health reform was signed into law.

The independent, nonprofit insurer has been particularly aggressive in marketing the new tax credit, which can mean a discount of as much as 35 percent for very small companies with low payrolls. The increase in employers signing up for health insurance, or considering it, is not universal in Idaho or the rest of the country.

Regence Blue Shield of Idaho has seen no growth in employers requesting new coverage, spokeswoman Georganne Benjamin said. But more laid-off workers have been asking about buying policies on their own, she said.

“The issue [for employers] remains cost,” she said. “What we are seeing are more people who previously had small-group insurance look into individual policies” after their employers went out of business or cut staff, she said. Blue Cross of Idaho launched a website Wednesday with H&R Block at <http://bcidahotaxcredit.com> that calculates how much employers can save with the tax break.

For insurers, the market presents a big opportunity. Nationally, three-quarters of businesses with 10 to 24 workers offer benefits. About half of those with nine or fewer employees provide a health plan. By comparison, 99 percent of firms with more than 200 employees offer benefits.

Coventry Health Care Inc., an insurer in Maryland that focuses on small businesses, signed contracts to cover 115,000 new workers in the first nine months of this year, an 8 percent jump. In the six months after the law was signed in March, UnitedHealth Group Inc., the country’s largest insurer, added 75,000 new customers who work for companies with fewer than 50 employees.

Ron Rowe, who oversees small-group sales for Blue Cross Blue Shield of Kansas City, said 38 percent of the businesses it is signing up had not offered health benefits before.

It's unclear how many businesses around the country are taking advantage of the new tax breaks. National statistics will not be available until next year, after 2010 tax returns are analyzed.

For many businesses, even the tax break may not make insurance affordable at a time when the average premium for an individual health plan is more than \$5,000 a year and many insurers are hitting businesses with double-digit rate increases.