

What are my 2019 Small Business Employer Health Insurance Requirements?

Small businesses are still not required to offer group health insurance, and they still have several options for compliantly providing health benefits to their employees. Even though small businesses aren't legally required to offer health benefits, many do so anyway. Health is still the [number-one benefit](#) employees want from their company, and employees who are unsatisfied with their benefit are [much more likely](#) to look for a new job.

Small businesses have [five popular options](#) for offering health benefits that are compliant both currently and in years to come.

Traditional group health insurance. These policies can be a good benefits option for small businesses if they can afford premiums, meet participation requirements, and ensure all employees will find value from the group policy.

QSEHRA. Businesses offer employees a monthly allowance of tax-free money. Employees then choose and pay for health care, potentially including insurance policies, and the business reimburses them up to their allowance amount. All reimbursements are free of payroll tax for the business and its employees and can be free of income tax [if the employee has MEC](#). The QSEHRA is often the best choice for small businesses: It allows businesses to set their own budgets while employees can purchase health care that's tailored to fit their exact needs.

Group coverage HRA. The company offers a group policy (typically a high-deductible health plan) as well as a monthly allowance of tax-free money for employees. Group coverage HRAs typically reimburse deductible or coinsurance expenses that are also covered under the group policy. They don't reimburse individual insurance premiums.

Association health plans. Allow small businesses to band together within industries, professions, or geographic regions to either purchase large-group coverage or self-insure. Once the benefit is in place, it works much like a regular group policy or self-funded health insurance benefit would. However, AHPs aren't subject to the ACA's rating rule, which prevents insurers from varying costs in a specific region based on things like sex, age, or health status. They also don't need to cover the essential health benefits that ACA-compliant policies do, and therefore don't have the consumer protections of other benefits.

Taxable stipends. Although not a formal option, some small businesses implement informal wage increases or stipends intended as an employee health benefit. With a stipend, business owners give each employee a flat raise and encourage them to spend it on the insurance and services they would otherwise receive as a benefit. This is [rarely an ideal solution](#), as employees could be receiving this money [tax-free through an HRA](#).

Do I face minimum contribution requirements?

Small businesses with fewer than 50 FTE employees aren't subject to the ACA's [employer shared responsibility provision](#) in 2019. This means they aren't legally bound to pay a certain percentage of their employees' group health insurance premiums, thus providing "affordable" coverage.

However, small businesses that wish to qualify for the [Small Business Health Care Tax Credit](#) (equal to 50 percent of the premiums the business pays for employees' health insurance) must pay at least 50 percent of the annual premiums for employees' group health coverage.

They must also:

have no more than 25 FTE employees

pay employees average annual wages of no more than \$53,400 in 2018

pay at least 50 percent of the annual premiums for employees' health insurance, and purchase the group policy through a SHOP marketplace.

Small businesses face no minimum contribution requirements with the QSEHRA or integrated HRA.

Can I institute a waiting period?

Small businesses offering a group health policy, QSEHRA, or group coverage HRA can institute waiting periods for benefit eligibility in 2019. However, these waiting periods cannot exceed 90 days.

Which employee disclosure rules do I face?

Small businesses offering a group health policy, QSEHRA, or group coverage HRA must provide employees with a standard [Summary of Benefits and Coverage](#) (SBC) form. These forms explain what their health benefit covers and what it costs, if applicable.

Small businesses offering a QSEHRA must also send a [QSEHRA notice](#) to their employees every year informing them of certain details, including:

the employee's benefit amount for the year,

instructions that the employee must share the benefit amount with any exchange or marketplace if they're applying for a premium tax credit, and

an explanation that the employee could be subject to a tax penalty if they fail to maintain MEC during the year.

Failure to meet either requirement could result in a fine.

Which reporting requirements do I face?

Small businesses offering health benefits face several reporting requirements in 2019.

Under the ACA, you must withhold and report an additional 0.9 percent on employee wages or compensation that exceeds \$200,000.

If offering a group health insurance policy, you must report the value of the health insurance coverage you provided to each employee on his or her Form W-2, box 12 using code DD.

If offering a QSEHRA, you must report the amount of tax-free payments and reimbursements you provided to each employee on [his or her W-2](#), box 12 using code FF. You must also report all taxable reimbursements made through the QSEHRA as other compensation in box 1, Wages, tips, and other compensation.

Additionally, you're required to pay a fee to help fund the [Patient-Centered Outcomes Research Trust Fund](#), and you must report it using Form 720.