



How to choose a healthcare plan for your firm

Consider every aspect – from coverage to contributions and premiums to providers

Employee expectations have changed, and firm owners are being required to adapt. A 2016 internal survey at Raymond James showed that 50% of independent firms offered group health insurance. In 2021, a similar internal survey showed a whopping 91% of independent firm owners were now offering a group plan. That's a significant increase.

As an owner, thinking through which healthcare plan is best for your employees is not the only consideration. You must think about how it impacts your firm's balance sheet as well. You know the quality of the healthcare plan will have an influence on recruiting talent, employee satisfaction and long-term retention, but you want to be responsible with this line item as it tends to be a major expenditure (just behind wages and rent).

Consider these aspects of healthcare plans as you look for something suitable for your employees and your firm.

COVERAGES AND PREMIUMS

One of the biggest decisions to make when it comes to your firm's insurance plan is whether you'll cover employees only or employees and their family members. Make sure you understand your employees' expectations and what the cost difference would be for your business.

Number of independent firms offering group health insurance to their employees is on the rise.

In terms of employee contributions to the healthcare plan, a common strategy is basing premiums on individual earnings. If employees are joining your firm from the larger wirehouses, this may be what they're already accustomed to. It's where the highest paid workers receive the lowest percentage of employer coverage and a higher percentage is allotted for lower earners. The premise is that higher earners can afford higher premiums.

While it's not common for independent business owners to cover the cost of healthcare for their employees in full, there is a trend in that direction. According to a recently conducted internal survey, 86% of our largest firms are offering at least 75% employer coverage for group health plans.

PROVIDER OPTIONS

Once you've decided on the type of coverage to offer your employees that fits within your budget, it's time to shop for a provider. There are multiple ways to go about this but a good starting point is using a broker or state exchange. Additionally, check with your HR benefits payroll provider or broker/dealer, as they may have referrals for professionals in this space.

At Raymond James, our HR benefits payroll partner offers group plan options for independently affiliated firms that even single-person businesses are invited to join. For teams, one of the benefits is that each member can pick the plan that fits them best at a flat rate for the firm. It takes the guesswork out of determining which elements of a healthcare plan – HSA, FSA, high- or low-deductible, and so on – will be most valuable and popular for employees. Electing to go this route puts the ultimate decision back in your employees' hands.

As you go through the process of determining which healthcare plan options are best for your employees and your firm, keep in mind the balance of offering a benefit that will attract and retain talent while budgeting expenses.

Source: <https://www.kff.org/report-section/ehbs-2022-summary-of-findings/>



FAMILY OR SINGLE COVERAGE?

According to research by the Kaiser Family Foundation, the average annual premiums for employer-sponsored health insurance in 2022 were \$7,911 for single coverage and \$22,463 for family coverage. Offering coverage for families may be a differentiator for you to attract top talent.

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INTERNATIONAL HEADQUARTERS: THE RAYMOND JAMES FINANCIAL CENTER
880 CARILLON PARKWAY // ST. PETERSBURG, FL 33716 // 800.248.8863 // RAYMONDJAMES.COM

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