Small-Business Coverage Overview

What an owner actually has to decide when offering health coverage, and the reimbursement routes that exist besides a group plan.

WHO THIS IS FOR - Owners with employees, and whoever ends up handling benefits

Work down the list and tick what you have confirmed. Anything left unticked is a question worth asking before you enrol.

First, whether you are required to offer anything

Most genuinely small employers are not required to offer health coverage. The federal employer shared-responsibility rules apply to applicable large employers, measured by full-time and full-time-equivalent employee counts. Below that threshold, offering coverage is a retention and recruitment decision rather than a compliance one.

That distinction is worth establishing before anything else, because it changes the question from "what do we have to do" to "what is worth doing".

The routes available

- [ ] A small-group plan - the traditional route. The business contracts with a carrier; eligibility rules, participation requirements, and contribution minimums apply.
- [ ] SHOP - the Small Business Health Options Program, how small employers access group coverage through the Marketplace, tied to the Small Business Health Care Tax Credit for those who meet its rules.
- [ ] QSEHRA - a Qualified Small Employer Health Reimbursement Arrangement. For employers without a group plan and under the size threshold: the business reimburses employees for individual coverage up to a capped amount, tax-free.
- [ ] ICHRA - an Individual Coverage HRA. Available to employers of any size; employees buy individual coverage and the employer reimburses. It allows different amounts for defined classes of employee.
- [ ] No employer coverage, with employees using the individual Marketplace directly. Worth stating plainly, since it is often the honest baseline to compare against.

What determines which route fits

- [ ] Headcount, and how many are full-time versus part-time.
- [ ] How much the business can commit per employee per month, predictably.
- [ ] Whether employees are concentrated in one area or spread across states - this pushes hard toward reimbursement models.
- [ ] Whether the workforce is young and healthy or older and higher-utilising, which affects group pricing more than individual pricing.
- [ ] How much administrative work the business can absorb.

The interaction owners most often miss

An offer of employer coverage that is considered affordable and meets minimum value generally makes an employee ineligible for a premium tax credit on the Marketplace. So a modest group offer can leave a lower-paid employee worse off than no offer at all, by closing off a subsidy they would otherwise have had.

Reimbursement arrangements have their own coordination rules with premium tax credits. This is the part of the decision where getting it wrong is expensive and quiet, and where the arrangement should be reviewed by someone who handles the compliance side before it is adopted.

Your notes

What this checklist does not do

- This is an orientation to the options, not a compliance opinion. Employer size thresholds, contribution rules, and reimbursement limits are specific and change annually.
- It is not tax or legal advice. QSEHRA and ICHRA adoption should involve a tax professional or benefits counsel.
- Carrier participation, contribution, and eligibility requirements vary by state and by carrier.
- Nothing here determines whether your business meets the rules for the Small Business Health Care Tax Credit.

Official sources

Small Business Health Options Program (SHOP) - Centers for Medicare & Medicaid Services
https://www.healthcare.gov/small-businesses/

Health Reimbursement Arrangements (HRAs) - Internal Revenue Service
https://www.irs.gov/newsroom/health-reimbursement-arrangements-hras

HealthCare.gov - Health Insurance Marketplace - Centers for Medicare & Medicaid Services
https://www.healthcare.gov/

IMPORTANT

Plan availability, pricing, and eligibility - including subsidy eligibility and medically underwritten coverage - depend on your location, household, income, and health history, and are determined by carriers and marketplaces, not by this site. Nothing here is a guarantee of coverage, acceptance, savings, or price.

This worksheet is educational. Filling it in does not apply for coverage, does not determine eligibility, and is not a quote.

QUESTIONS ABOUT YOUR OWN SITUATION

Carter Bishop - Independent Insurance Broker - Palm Harbor, FL

Call or text (352) 769-2245 - solutions.carterbishop@gmail.com - bishopplans.com

Florida licence 2-40 #G089818 - National Producer Number 21065164

Content reviewed 2026-07-25. Free to print and share.