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Topic: Business Contribution

Insure Montana requires that the business participating in the Purchasing Pool or premium incentive and assistance program report the business contribution on an annual basis. This business contribution is reported on the business “election form” or “participation agreement”, which is the yearly contract that is made between the business and its chosen health insurance carrier. The business must determine how much it will contribute toward the health insurance premiums on a monthly basis for each employee. The minimum amount allowed by Insure Montana is 50% of the employee only premium. Some Qualified Association Plans or QAP’s require a greater contribution by the business, so check with your health insurance agent for those requirements.

The business contribution is part of the formula that Insure Montana uses to determine the premium incentive and employee assistance payments that are issued monthly. It is important that what is being reported is accurately reflected on the withholdings for each employee. If discrepancies are found through the Insure Montana audit process, it could result in overpayments which may need to be repaid to the Insure Montana.

If an employee is NOT contributing toward his or her monthly insurance premiums, he or she is NOT eligible for an assistance payment.

<u>Below are some examples to show how contributions would properly be reported and withheld.</u>

Example #1 – The business contributes <u>50% of the Employee Only Premium</u>, and 0% toward spouse and dependent premiums if applicable.

This would be reported as seen here:

Employer contribution to premium (% or $): (Must be at least 50% for employee) ___50____ % or $ ________Employee
____0____% or $ ________Dependent

Employee only is participating – Total monthly premium is $200
Business Contribution: $100
Employee Contribution: $100 – would be withheld from the employee’s paycheck(s)

Employee/Spouse/Children enrolled – Total monthly premium $400
Business Contribution - $100
Employee Contribution- $300 – would be withheld from the employee’s paycheck(s)

Example #2 – The business contributes <u>50% to all premiums</u>, including spouse and dependent premiums if applicable.

This would be reported as seen here:

Employer contribution to premium (% or $): (Must be at least 50% for employee) ___50____ % or $ ________Employee
____50____ % or $ ________Dependent

Employee only is participating – Total monthly premium is $300
Business Contribution: $150
Employee Contribution: $150 -– would be withheld from the employee’s paycheck(s)

Employee/Spouse/Children enrolled – Total monthly premium $700
Business Contribution - $350
Employee Contribution- $350 – would be withheld from the employee’s paycheck(s)

Example #3 – The business contributes 100% toward the Employee Only Premium, and 0% toward spouse and dependents if applicable.

This would be reported as seen here:

Employer contribution to premium (% or $): (Must be at least 50% for employee) ___100____ % or $ ________ Employee
____0____ % or $ ________ Dependent

Employee only is participating – Total monthly premium is $250
Business Contribution: $250
Employee Contribution: $0

Employee/Spouse/Children enrolled – Total monthly premium $600
Business Contribution - $250
Employee Contribution- $350 – would be withheld from the employee's paycheck(s)

Example #4 – The business contributes 100% toward All premium, including spouse and dependent premiums if applicable.

This would be reported as seen here:

Employer contribution to premium (% or $): (Must be at least 50% for employee) ___100____ % or $ ________ Employee
____100___ % or $ ________ Dependent

Employee only is participating – Total monthly premium is $400
Business Contribution: $400
Employee Contribution: $0

Employee/Spouse/Children enrolled – Total monthly premium $900
Business Contribution - $900
Employee Contribution- $0

NOTE: If the business is going to contribute toward the spouse/dependent premiums, that percentage of contribution must be consistent with the amount of contribution for the employee. If the employer is going to contribute 60% of all premiums (for example) it would be reported as:

Employer contribution to premium (% or $): (Must be at least 50% for employee) ___60____ % or $ ________ Employee
____60___ % or $ ________ Dependent

This example would not be allowed as the percentages are not the same.

Employer contribution to premium (% or $): (Must be at least 50% for employee) ___60____ % or $ ________ Employee
____40___ % or $ ________ Dependent

If the business chooses to make a contribution that is a particular dollar amount instead of a percentage, the minimum contribution of 50% of employee only premium must still be met. If the policy is "age rated" that dollar amount must equivalent to the minimum amount allowed of 50% of the employee only premium for each employee in each premium band. That dollar amount would need to be adjusted yearly upon renewal to make sure the minimum contributions are being met.

If you have any question regarding the business contribution and how to properly set up your withholdings, Insure Montana recommends that you contact your accountant.

If you have questions regarding your health insurance policy, claims, or "election forms", Insure Montana recommends that you contact your health insurance carrier or your group health insurance agent.

For all questions regarding your monthly subsidy payments, please feel free to contact the staff at Insure Montana.