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A NEW DAY FOR HEALTH CARE OPTIONS

Affordable Health Insurance for all ECE Practitioners is Now Possible

By Louise Stoney

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Boosting compensation for practitioners in early care and education (ECE) programs has been a top priority for many years. The need goes beyond higher wages and also includes securing access to employee benefits such as affordable health insurance. Until recently, this goal felt like a pipe dream. However, in 2021 three important shifts have made affordable health insurance for ECE employees possible. These include:

- Federal investment in the [Affordable Care Act](#) significantly lowered the cost of health insurance and ensured that [Health Care Navigators](#) are available, free of charge, in every state.
- Shared Services has made [Telehealth](#) plans available to ECE practitioners at very low cost.
- The federal government allocated funding from the American Rescue Plan Act (ARPA) for [stabilization grants](#) to child care centers and homes across the nation. These new dollars can be spent on insurance premiums, Health Savings Accounts and Health Reimbursement Accounts.

ACCESSING THE AFFORDABLE CARE ACT

Open enrollment for the Affordable Care Act (ACA) begins on November 1, 2021 and runs through January 15, 2022. So NOW is the time to connect providers to navigators and encourage ECE practitioners to sign up.

Health insurance premiums are significantly lower this year. For example, a single 26 year-old female who earns \$28,000 a year can now find a plan that is totally free (compared to last year's cost of \$90/month) and a married couple in their mid-fifties with combined income of \$72,000 a year can find a family plan for a low as \$210 a month compared to last year's cost of \$1,059/month).

Finding the right plan, at the right price, can still be a challenge. That's where a skilled Health Care Navigator—someone trained in helping consumers find and purchase insurance on the ACA Marketplace—comes in. Health Care Navigators provide unbiased information about the health insurance exchange and the health plans that are available. They can help applicants determine whether they qualify for their state's health insurance subsidy (expanded Medicaid) or the Children's Health Insurance Program for their kids, and also assist with the enrollment process. In ECE, where so many businesses are run by self-employed individuals, a skilled ACA Navigator can also help applicants understand what documentation is needed to estimate annual income.

The [Find Local Help](#) section of HealthCare.gov can help you find a navigator. Just click the link, insert your zip code, and filter for "Assister" (which means a navigator) and a list will be generated. Navigators included in this list have been trained and certified to





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help you enroll in an ACA plan or apply for Medicaid/Children’s Health Insurance Program and are required to provide fair, impartial, and accurate information on all options. You can also filter for “Agent or Broker” (which refers to an individual who has been trained and registered by the Marketplace) however remember that these individuals are generally paid by the insurance company whose plans they sell. If you do not insert a filter, the Find Local Help tab will generate a list that includes both Assistants and Agents/Brokers.

THE APPLICATION PROCESS

Applications for health insurance on the ACA Health Care Marketplace are individual—there is no employer-level purchase option available. Thus, a small employer that is not mandated to offer insurance to employees can best help employees secure insurance in two ways: 1) by NOT offering any employer-paid insurance and thereby allowing staff to submit individual applications to the Marketplace; and, 2) by securing a Health Care Navigator to work individually with each staff member—either in person or via phone or zoom. The services of a Health Care Navigator should be free to all employers and Alliances/other intermediary organizations.

Each employee will need to estimate her likely income for the year during which she is seeking coverage. Helpful documents include pay stubs, a copy of last year’s tax return or—in the case of self-employed individuals a profit/loss statement or other document estimating business income and expenses. Shared Service Alliances can help providers understand the pros and cons of directing staff to the ACA vs purchasing employer-paid coverage, and also assist self-employed owners get ready for their ACA application by supporting sound recordkeeping and business management.

HELP WITH OUT-OF-POCKET COSTS

Health insurance is a vital support but nearly every plan has a deductible, and sometimes those out-of-pocket expenses can stop staff from getting the immediate help they need. Telehealth plans can help fill this gap, and the good news is that these plans can be very affordable.

The [ECE Shared Resources](#) website offers a [Docs by Phone](#) plan for as low as \$8/month for unlimited virtual access to a board-certified doctor for any member of the policy holder’s family. While not health insurance, Teledoc plans can play a key role in helping staff secure affordable health care when and where they need it—including access to board-certified doctors who can write prescriptions.

Another way that child care owners and managers can make health care more affordable is by funding individual [Health Savings Accounts](#) for their staff or establishing a [Health Reimbursement Arrangement](#).

Health Savings Accounts (HSA) are an intriguing and allowable way to use ARPA grants. Child Care owners and administrators can invest ARPA dollars in this unique savings account, which is tax-free and owned by the child care employee. Both employers and employees (including self-employed individuals) may contribute to an HSA, and the dollars remain with the employee over time even if they change jobs. HSA investments accrue interest and are essentially an asset that can be used to cover any health care cost, including insurance deductibles and co-payments, as well as health care costs not covered by insurance such as dental care, vision, therapy and more.

The downside of an HSA is that it must be linked to a high-deductible health insurance plan. While it can be scary to choose a plan that has a high deductible, a few important facts bear reinforcement. First, most preventive care is covered, free-of-charge, even in a high-deductible plan. In other words, for a healthy person needing only annual doctor visits for a physical and other preventive care, insurance—even a high-deductible HSA plan—will fully cover those costs. Second, most healthy individuals rarely exceed their health insurance deductible even if it is low. The reduced cost of a health insurance plan that has a deductible of \$7,000, for example, compared to that with a deductible of \$2,000 is likely worth the risk of choosing the high deductible, less expensive plan for those individuals that are healthy. A healthy individual is unlikely to exceed either deductible amount. Third, the premium for an HSA eligible high-deductible plan (the monthly fee to obtain coverage) is typically lower than traditional plans. In short, even though a high-deductible HSA insurance plan might initially look like a more expensive option, the out-of-pocket costs might be significantly lower and



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the ability to begin building health savings assets might be worth the trade-off.

However, a high-deductible HSA plan is not the best fit for everyone. Thus, some employers might elect to help employees with out-of-pocket costs by establishing a Health Reimbursement Arrangement (HRA). An HRA is an employer-funded plan that reimburses employees for qualified medical expenses or insurance premiums. The HRA funds received by employees are tax-free and may, in most cases, be rolled over into the next year, however HRA contributions may only be used to pay for necessary medical and dental expenses approved by the employer. Unlike Health Savings Accounts, HRA dollars are not portable; they remain with the employer if the employee moves to another job.

A Health Reimbursement option is often the best choice for individuals insured through a spouse's insurance plan. In this case, an HRA can be used to pay their portion of the family's health insurance premium. As mentioned previously, HRA contributions could be funded with the ARPA stabilization grant received by an ECE program. There are a few types of HRAs, based on the size of company, and fairly complex tax rules, so it is best to work with a qualified benefits administrator to assess HRA options.

Recruiting and retaining staff is the biggest challenge currently facing the ECE sector across the US. Without question higher teacher wages are needed, but access to benefits is significant. For example, a Harris survey conducted on behalf of [Glassdoor](#) looked at the top factors job seekers look for in ads. Salary came in as the top choice (67%) and benefits was the second (63%). Moreover, when workers have access to affordable health care they are more likely to take care of themselves and call a doctor when ill. A study conducted by the [Wellness Council of America](#) found that healthy employees reduce absenteeism rates by 27%.

Affordable health insurance is finally available to the Early Care and Education sector. We should seize this opportunity and rapidly expand access for all ECE staff and their families. 