



GUSTO REPORT:

# The state of health benefits for small businesses

---

Offering health benefits is one of the most important —and overwhelming— milestones a small business owner will ever experience. It's expensive, takes a lot of time, and for most people, it's also really hard to figure out. So we decided to find out why. In this report, you'll learn how companies with less than

50 employees really feel about small group health insurance. We've laid out the top findings below, so you can get a quick snapshot of what navigating and offering benefits is like for the millions of small businesses scattered across the country.

# When does it make sense to provide health insurance?

The health insurance decision is a big one. Nearly three in four small businesses don't currently offer benefits, however a small subgroup is getting ready to introduce them in the coming year. Size also plays into the decision process: Larger employers are more likely to extend coverage to employees than their smaller counterparts.



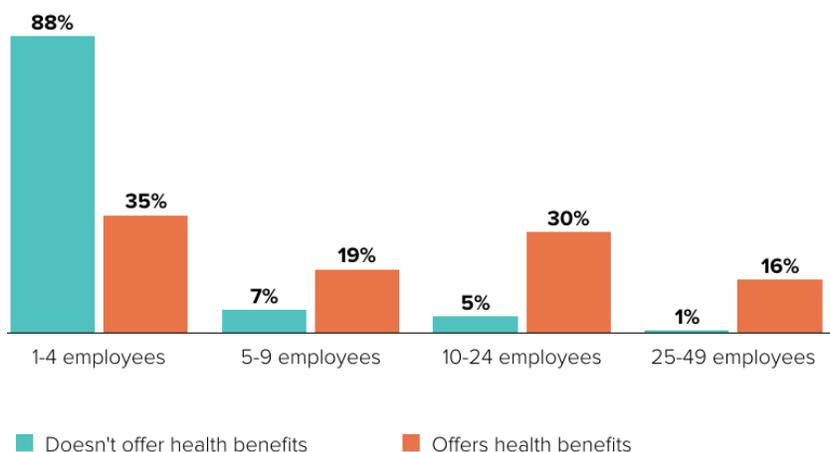
**73% of small business employers do not offer benefits today.**

Q: Does your company offer health benefits?



**Employee headcount matters when it comes to offering health insurance.**

So when do small businesses offer health insurance? The data shows that the larger the company, the more likely it is to offer benefits. 65% of companies that offer health benefits have 5+ employees.



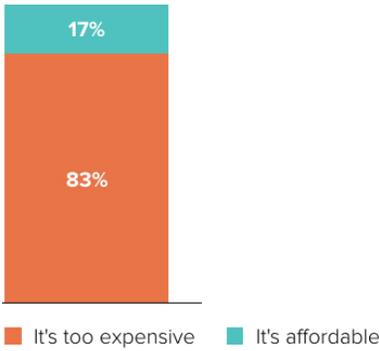
# How do small business owners feel about health benefits?

Small business owners are stressed out by the entire ordeal of offering benefits. Five out of six employers think it's too costly, and over 70% are either frustrated or overwhelmed by the number of options they have. Decision paralysis and price shock? It's easy to see why most employers don't feel ready to jump into the health insurance waters.



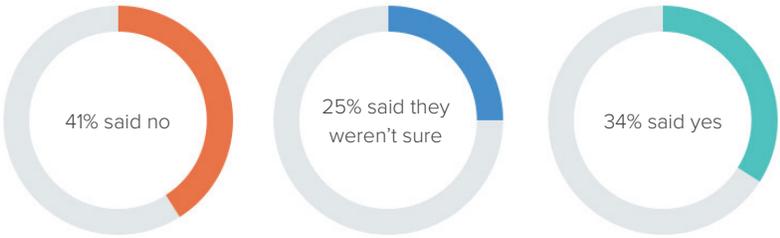
**The vast majority of small business owners think health insurance is too expensive.**

Q: How do you feel about the cost of providing health insurance?



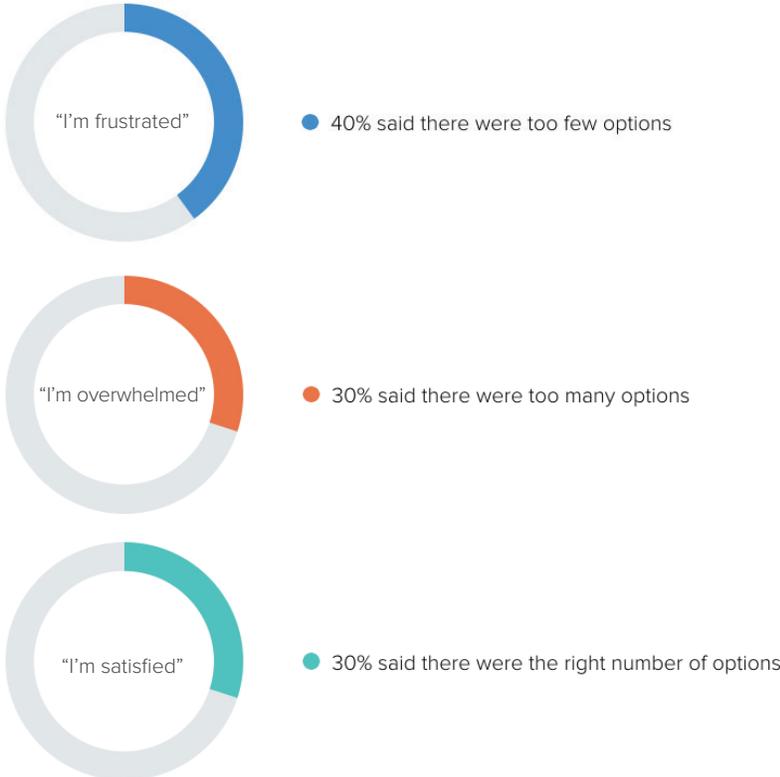
**Two out of three small business owners say they're unprepared to navigate the health insurance process today.**

Q: Do you feel prepared to navigate the health insurance process and communicate plans and costs to your employees?



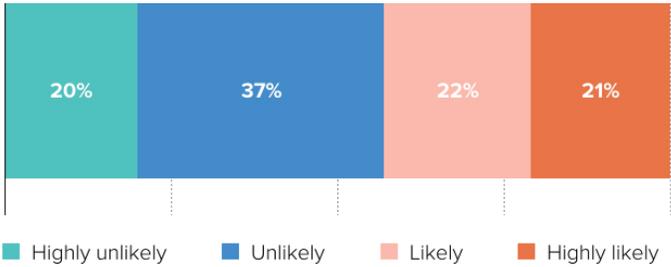
**Only one-third of small business owners report feeling satisfied with the number of plans they have to pick from.**

Q: How do you feel about the number of health insurance plans that you have to choose from for your employees?



**40% of small business owners say it's likely the minimum wage increases will impact their decision to offer benefits.**

Q: Will national minimum wage increases affect your decision and/or ability to offer benefits to your employees?



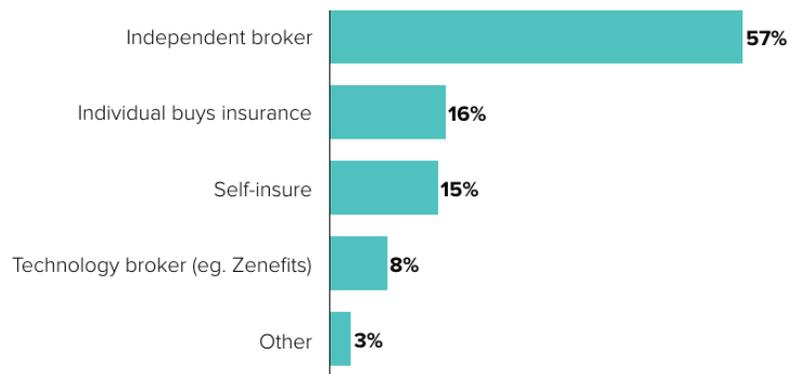
# What is it like to work with an insurance broker?

Today, most small businesses use an independent broker to help them source and manage their health insurance. However, one-third say they are dissatisfied with the kind of service they receive. On their wish list? A broker who can help them stay compliant and uncover the best plan for exactly what they want to spend.



**57% of small businesses use an independent broker to source health benefits.**

Q: How did you source health insurance?



**Room for improvement: Nearly 40% of small business owners report feeling dissatisfied with the service their broker provides them.**

Q: Are you satisfied about the value/service that your current health insurance broker provides?



**Most employers say that they want their broker to help them find the right plan for their budget.**

Q: Of the following options what do you wish your health insurance broker could make easier for you?



## Survey Methodology

The survey was conducted online within the United States by Google Consumer Surveys on behalf of Gusto from April 23-27, 2016 among 508 small business owners ages 18 and older. This online survey is not based on a probability sample and therefore no estimate of theoretical sampling error can be calculated. For complete survey methodology, please contact Rachel Kim. [rachel@gusto.com](mailto:rachel@gusto.com)