

Health Insurance Options for Land Trusts Big and Small

Mike Powell, J.D., M.P.A.
Executive Director
Greenbelt Land Trust of Mid-Missouri

Disclaimer

This presentation shall not be considered legal or tax advice. This presentation is intended only to provide small nonprofits with a basic understanding of the health insurance options available, and the process by which these options are acquired. It shall not be construed as a substitute for consultation with an attorney and/or tax professional. All monetary values are for hypothetical purposes only and do not represent actual market values.

Why should you provide insurance to your employees?

- Low to no cost
- Better Results
- Basic Decency
- Equity
 - Poor benefits selects for white, affluent applicants
 - Stressed employees are less able to grapple with difficult issues
- Why wouldn't you?

Important Note

If you are providing reimbursement for your employees' health insurance benefits, the law probably requires that you implement a cafeteria plan or non-taxed reimbursement arrangement.

Check your local laws to ensure compliance!

What arrangement is right for your organization?

Section 125 POP Cafeteria Plan

OR

Qualified Small Employer Healthcare Reimbursement Arrangement

Questions to answer:

How many employees do you have?

What kind of plan do you want to make available?

Setting up a Section 125 POP Cafeteria Plan

Requirements

- **A group insurance plan**
 - SHOP Marketplace
 - Insurance Agent
- **2+ full time employees**
- **Nondiscriminatory offering**

How It Works

- **Employees agree to withhold a portion of wages pre-tax**
- **Employer pays premium using withholdings**
 - Employers can also contribute to plan

Setting up a Section 125 POP Cafeteria Plan

How you can give your employees a raise without spending any additional funds:

	Without Cafeteria Plan	With Cafeteria Plan
Gross Pay	\$3,750.00	\$3,750.00
Cafeteria Plan Deduction		\$300.00
Social Security Taxable Wages	\$3,750.00	\$3,450.00
Payroll Tax (Paid by Organization)	\$286.88	\$263.93
Income Tax (Paid by Employee)	\$937.50	\$862.50
	Monthly Savings (Organization)	\$22.95
	Monthly Savings (Employee)	\$75.00

Setting up a Section 125 POP Cafeteria Plan

1. Pass a board resolution creating the Section 125 POP Plan
2. Secure group health insurance plan
3. Provide employees with a Salary Reduction Agreement Form
4. Adjust payroll and begin paying premiums

Setting up a QSEHRA

Requirements:

Your organization:

- Is not an Applicable Large Employer that employs at least 50 employees
- Does not offer a group health plan to any of its employees
- Does not offer the QSEHRA in conjunction with a required salary reduction
- Has documented proof of coverage and/or expenses from each employee, and their covered family members receiving coverage under the arrangement
- Does not make payments or reimbursements exceeding \$4,950 for a single individual or \$10,000 for an arrangement that provides for the expenses of eligible family members
- Provides the arrangement on generally the same terms to all employees

Setting up a QSEHRA

1. Pass resolution adopting QSEHRA
2. Document employee's premium expenses and reimbursement
3. Add reimbursement to payroll as non-taxed line item

Contact Info

Mike Powell

(816) 769-9047

mike.powell.mo@gmail.com