

## Health Benefit Options for Freelancers and Independent Consultants

Freelance workers, independent consultants and independent contractors enjoy many advantages. Their schedules are flexible, they set their own agenda, and with a little planning, they can take extended time off. However, while these benefits can improve quality of life, there are other benefits that these workers do not receive, such as health insurance. Finding health insurance as a freelancer or independent consultant is one of the most challenging aspects of being a sole proprietor. A variety of insurance options are available to these workers, however finding a plan that the worker qualifies for and can afford is the difficult part. Of the many choices in insurance available, independent contractors and independent consultants may be surprised once they start shopping that some are unavailable to them, some are too expensive, and others offer poor or unnecessary coverage. By the time these workers narrow down the choices to the affordable insurers that will accept them, the list may be very short indeed. **Group Insurance** Group insurance coverage is undoubtedly the best insurance plan overall. In a group plan there is no need to qualify, no medical exams, no health questions to answer and the rates are the same for everyone and do not raise with claims. That being said, if you are self-employed, group health insurance is very difficult to find. Group health insurance is typically provided by employers, and, since an independent contractor works for themselves, there is no employer. If your spouse is employed, you have recently been employed and qualify for COBRA, or you can get your employment covered under an umbrella company, it may be possible to receive group coverage. If you can qualify for group insurance, you will probably find it to be the most affordable and most inclusive of the insurance options that you find. **Insurance through an Association or Chamber of Commerce** In their effort to ease the financial hardships for sole proprietors, many professional organizations and local chambers of commerce offer insurance to their members. These policies are not true group policies, but pooled risk policies. A pooled risk policy can still be affordable, particularly if you are young, have no serious medical conditions, and have low risk of an accident. Because you generally receive an individual insurance premium rate, members with pre-existing conditions or those in poor health may find that they pay a higher rate. Also, unlike in a group plan, your rate can, and will, change as a result of claims. Even those in good health that are in a pooled risk policy will usually pay more for coverage than someone with group coverage, but, overall, the insurance choices provided by professional organizations can be a good choice for self-employed workers. **Coverage through the State** Some states offer medical insurance benefits programs. In many cases, health insurance that is offered through your state is not a great choice. While each state offers its own plan and they vary widely, a state plan does not typically cover the full spectrum of preventative care and may be very limited with regard to prescription coverage. Coverage through the state is sometimes called catastrophic coverage, intended to prevent financial ruin if a self employed worker becomes seriously ill or injured. State coverage may also have income limits (intended for lower income individuals) or other qualifying factors. State coverage can be an option to explore, but you should also make sure that you have money in your savings to cover routine preventative office visits, the cost of medications, and reserve funds in case you need to come up with partial payments for something more serious. **Individual Coverage** Buying an insurance plan directly from the insurance company is an expensive way to get health coverage. If you have pre-existing conditions or are in poor health it may be impossible to find a company that will cover you affordably. Individual coverage is typically the last choice for independent contractors and freelancers because of the expense, the limits, and the aggravation of attempting to secure this type of coverage. **Getting the Coverage That You Want** Group health insurance is, hands down, the best all-around choice. Qualifying for a group plan as a self employed individual can be tricky, but there are ways to do it. The benefit is affordable coverage and the knowledge that you can protect your health and wellbeing affordably. If you cannot qualify for group insurance through your spouse or COBRA, and you are working as an independent consultant or freelancer, your best choice may be to get benefits coverage through employment by an umbrella company or "employer of record". An umbrella company often offers benefits to their employees, such as insurance. The work you perform is not for the umbrella company however, it is for your existing clients. The umbrella company invoices the clients, and pays you. This allows your client to be free of maintaining your paperwork, while allowing you to receive benefits from the umbrella company. Umbrella firms commonly employ only "white collar" professionals, so if you are an independent contractor in trucking, construction, or other more labor-oriented industries, then an umbrella firm may not be right for you. Also, it is important to ask many questions about the insurance and benefits provided by any umbrella firm. Many umbrella firms offer complete insurance packages that include health, life and disability coverage with a true group program. Other firms offer "group discount" health plans that may not be truly corporate group health. Find out who the insurance company is, and ask lots of questions to be sure - if you can get a cost estimate of the insurance premiums right away, then that can indicate a real group program, as everyone in a group program will have the same rates. If you have to give personal health information such as age or health conditions to get a rate quote, then chances are, the plan is not truly a group plan. While getting benefits through an umbrella firm is a good deal for many individuals who are a good fit for that kind of program, for those who only want health insurance, it may not be the best choice because these companies are not only providing health benefits, but a full suite of employer of record services. For any independent consultant or freelancer, it is important to protect your physical and financial well being by having solid health insurance coverage. Even a short amount of time away from work due to an unforeseen health problem could be very damaging to a "company of one" - not to mention sky high medical costs if you're uninsured and the unthinkable happens. If you're working solo, make sure you have great coverage. Shop around, ask questions, and compare your options. Always look for a true corporate group health plan, - whether through a spouse, through COBRA coverage, or through an employer of record, as this is the safest and most stable option for great benefits protection.

### About the Author

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