

Options to Find Health Insurance for Freelancers

One of the most difficult aspects of being a freelancer is finding health insurance. Those who are newly self-employed may never have purchased their own health insurance before, and some are taken by surprise by the high cost of keeping a family insured.

There are options for freelancers, but the process may take some time. It is wise to shop around thoroughly and compare the pros and cons of each plan available. Which plan to choose is reliant on a number of factors unique to the individual applying, so they should carefully weigh their options and needs so their health insurance does not become a burden on their new business.

Differences from Group Health Plans

Many individuals are surprised that a private health care plan costs so much more than the plan they had at their previous job. When a company of any size offers its employees benefits, it does it in part to supplement salaries and make their organization more desirable to quality workers. The business will organize with an insurance company to get a group discount for enrolling all of their employees in the program. This kind of group program means everyone has the same rates regardless of their age or condition, as compared to an individual insurance program where each person gets rates specific for them. Additionally, in a group plan, any rate changes or increases take affect for the group as a whole each year, and any one individual's rates will not change by itself.

This group rate is usually significantly lower than most independent insurance rates, and as an added benefit, the employee usually only has to pay part of it. Many companies supplement the cost of an employee's plan by paying a certain percentage of the fee themselves. The rest of the cost is deducted directly from their paycheck.

Using COBRA

The Consolidated Omnibus Budget Reconciliation Act of 1986 was signed into law by President Ronald Reagan in order to revise and add new federal labor laws. COBRA deals with the issue of health care for those employees who have lost coverage due to a qualifying event. If the employee loses their coverage status, under the rules of the law they are allowed to continue their previous health insurance coverage for a period of time.

Not all self-employed individuals will be covered under this law, but those who have experienced divorce, separation, or death that leads to a loss in coverage can continue their plan for 36 months. Those who had their work hours drastically cut or had their job terminated can continue their insurance plan for 18 months. These are not permanent solutions and do not cover those who resigned from their previous job. Those who do qualify can use COBRA to take advantage of affordable coverage while they are developing their business.

Individual Health Care

About 10% of Americans that are insured purchase their own individual plan. The process can be daunting, because there are a wide variety of plans available and they are relatively expensive. A business owner has the option of buying a plan only for himself or herself or choosing to cover their entire family. Almost all of the major health insurance companies offer individual health care plans to the self-employed.

The easiest way to start looking for insurance is to make a budget and start looking for quotes. Many insurance company websites will offer quotes for filling out a brief questionnaire, but beware of making hasty decisions. Rates can vary greatly depending on the kind of coverage that is offered.

Association and Chamber of Commerce Plans

Sometimes, groups of associated individuals can come together to form an organization in order to secure discounted insurance rates for its members. The group can negotiate discounts and supplement the cost for everyone using group funds. Unions and associations for freelancing professionals commonly offer these services and offset costs with membership dues. The fees in these cases are very similar to those offered to employees of a business, however they may still be "individually rated," meaning individuals may get rates based on age groups and/or the results of a doctor's physical. Also, this kind of plan may have clauses that allow your rates to be raised depending on how you use the plan, similar to how car insurance is rated based on use. Make sure to ask a lot of questions about benefits plans referred to as "group" plans, and find out whether your rates are individually set or are the same for all members of the group.

Another place to look for a group insurance plan is the local Chamber of Commerce. Community leaders often set up services like group health care to encourage citizens to start their own businesses and stimulate the local economy. Such plans are often similar to Association plans, and may be

individually rated plans with a group discount.

Considerations When Shopping for Insurance

One of the many things a new business owner will have to budget for is the cost of their health insurance. It is wise to look into the cost of maintaining health insurance before rushing into starting a business.

Depending on what kind of work you do, it might be a good idea to consider working through a portable employer of record, or "Umbrella Company." This kind of company usually offers business management services to independent consultants for a fee. These companies offer everything from access to true group health insurance to general liability insurance. Not all kinds of businesses can qualify to work through an employer of record service, so ask questions about whether this solution might be a fit for you.

Ultimately, no matter how you decide to move forward, the kind of coverage required by both you and your family should be determined. Those who have a chronic medical condition or dangerous occupation may need to pay a higher premium for better coverage. Some individual insurance plans may have exclusions for pre-existing conditions, especially if you have had any lapse in coverage, so find out how each available option may affect your eligibility.

Health care plans are available with every combination of deductibles, premiums, and coverage types. Freelancers should do plenty of research on what they are required to pay for treatment and prescriptions under every plan they consider.

Changing one's health insurance difficult, and many consider it one of the downsides to being self-employed. However, there is no reason to go without health insurance, and with the right research, you can find the situation that is best for you and your family.

About the Author

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