



**Our staff experts conduct "special investigations" into your questions.**

On television, there is CSI Las Vegas, CSI New York, and CSI Miami. Each show looks and feels a bit different. At Maryland Nonprofits, there is 501(c)SI Deb, 501(c)SI Nancy, and 501(c)SI Kenna. We'll leave it to you, the reader, to figure out which staff person represents Miami, who is the Big Apple, and who rocks Vegas.

The phone rings and it is the Treasurer of a nonprofit. The Board is about to hire their first paid staff person and they want to offer health insurance as a benefit. The first question is "Can Maryland Nonprofits help get health insurance?" This is an easy answer. We can arrange for health care coverage for organizations with only one employee. Because it is the Treasurer calling, the next question is "How much will it cost?" The answer is "It depends."

In Maryland, all employers with 50 or fewer employees come under Maryland's Small Group Health Insurance Reform Act of 1993. This law guarantees small businesses access to health insurance. Health insurance companies may not determine the premium based on the claims experience or health status of the employee(s). Health insurance companies will base the premium on the geographic location of your company and they will base it on the average age of your employees. And of course, the cost of the insurance will vary depending on co-pays, deductibles, and whether the plan is a HMO, POS, or PPO.

If the person hired to be the Executive Director is 32 years old, the cost of medical insurance is going to be much lower than if the Executive Director is 62 years old. Offering an HMO is going to be less costly than offering a PPO.

Some organizations want budget certainty before they make the hiring decision. One way to do this is to establish a maximum amount that the organization will contribute toward medical insurance. For example, the Board decides that they will pay the new ED \$50,000 plus a maximum of \$5,000 toward health insurance. Once the new ED is on-board, the first order of business is to select the insurance package that best meets the ED's need. If the ED selects a package that costs \$6,000 a year, the ED will pay the difference between the agreed upon organization contribution and the actual cost. If the ED picks a policy that only costs \$4,800, the organization pays the whole amount.

If you are a small nonprofit offering health insurance for the first time, call our insurance vendor at Gorges and Company, Rob Cannon, at 410-561-8280 to receive pricing information for the various medical insurance options available. Also remember that if you are hiring your first

employee, workers compensation coverage is a requirement in the state of Maryland. Maryland Nonprofits can help with that insurance also.