If marketplace premiums feel out of reach, you have more options than choosing the cheapest plan you can find—or giving up on employee health benefits. A three-person company can compare individual coverage, small-group insurance, and health reimbursement arrangements (HRAs). The right fit depends on where employees live, which doctors and hospitals they need, what the business can contribute, and whether your team meets the applicable eligibility and participation rules.

Start with a question I'd ask before comparing prices: **Who is in-network for our employees' ZIP codes?** A low premium is not much of a bargain if an employee's regular doctor or nearest hospital is out of network. That question matters especially when your team is spread across states or works remotely.

Why small businesses look beyond the marketplace

The public health insurance marketplace exchange is a useful starting point. It lets individuals compare plans available in their area and, if eligible, apply for premium tax credits. But it may not feel like a complete solution for a business owner trying to support a team. Marketplace prices vary by location, age, plan design, and employee health benefits for small business household circumstances. Employees may also have different doctors, medications, and budget limits.

For a very small employer, the challenge is often not simply finding a plan. It is finding an arrangement that works for three people whose needs may be quite different. One employee may value a broad network; another may care more about a lower deductible; the owner may be comparing business costs with household coverage options.

That's why micro business health insurance shopping often expands to include:

- **Individual plans purchased through the marketplace:** Employees shop for their own coverage and may qualify for income-based premium tax credits.
- **Off-exchange plans:** Individual plans bought directly from an insurer or through a broker rather than through the public exchange.
- **Small-group coverage:** A policy offered by the business to eligible employees, subject to state and carrier rules.
- **An HRA:** An employer-funded arrangement that reimburses eligible medical expenses or individual coverage premiums under applicable rules.

Each path has different costs, administration, and employee consequences. In particular, a plan's monthly premium is only one piece of the comparison. Review the deductible, out-of-pocket maximum, prescription coverage, provider network, and rules for using out-of-network care.

Compare the main options before deciding

Option How it works What to check Marketplace individual coverage Each person selects a plan through the public exchange. Subsidy eligibility, household costs, plan network, and enrollment timing. Off-exchange individual coverage An employee buys an individual policy from an insurer or through a broker outside the exchange. Whether the plan is ACA-compliant, whether the same plan is available on-exchange, and the effect on premium tax credits. Small-group coverage The business offers a group policy to eligible employees. State and carrier eligibility, participation requirements, employer contribution, network, and renewal terms. HRA The employer

reimburses eligible expenses up to defined limits under a specific HRA design. Which HRA rules apply, employee eligibility, individual coverage requirements, administration, and tax treatment.

Broker vs. direct-to-carrier shopping

What a broker can help with

A broker can gather quotes, explain plan differences, check small-group eligibility, and help with enrollment or renewal. For a three-person company, that guidance can save time—especially if employees live in different ZIP codes or states. Ask how the broker is compensated, which carriers they represent, whether they can compare both group coverage and HRA options, and who will help when an employee has an enrollment problem.

Do not accept a one-line recommendation without seeing the details. Ask for a side-by-side comparison that includes the monthly premium, deductible, out-of-pocket maximum, primary care and specialist costs, prescription tiers, network type, and important exclusions or referral requirements. Confirm the network for each employee's ZIP code, not just the company's mailing address. Remote employees may need different local networks even when the plan has the same name.

What direct shopping can—and can't—do

You can also contact carriers directly to ask what individual and small-group products they offer. This can be useful for confirming that a carrier sells in a particular area or for checking a network directory. But direct shopping does not necessarily reveal every available option, and comparing policies across insurers can take time. A carrier representative can explain that carrier's products; they may not provide a whole-market comparison.

For either route, request written plan documents or official benefit summaries and verify provider participation using the carrier's current directory. Call the provider's office as a second check, and confirm the exact plan name. "We take that insurer" is not the same as confirming that a particular doctor is in-network for a specific product.

Small-group eligibility and participation rules: check these early

A three-person company may qualify for small-group coverage, but there is no universal rule that guarantees it. State law and carrier underwriting requirements matter. The insurer or broker may need to confirm that the company is a legitimate employer, that workers meet the carrier's definition of an eligible employee, and that the business has the required number of eligible employees.

Participation rules can also determine whether a group policy is available. A carrier may require a certain share of eligible employees to enroll, or may apply different rules when employees have other qualifying coverage. Employer contribution requirements may apply as well. The details can vary by state, carrier, and time of year, so ask for the requirements in writing before spending time comparing quotes.

Ask these questions at the beginning of the conversation:

- How does this carrier define an eligible employee, and how are owners or family members treated?
- Does the company meet the minimum group size for this product in our state?
- What percentage of eligible employees must enroll?
- Do employees with other coverage count differently for participation purposes?
- Is there a minimum employer contribution?
- What documents and enrollment dates are required?

- Can employees in other states enroll, and which networks would they use?

Do not assume that every person on payroll counts toward group eligibility. Owners, spouses, part-time workers, seasonal employees, and employees with other coverage may be treated differently depending on the rules. Resolve those questions before choosing a design.

Off-exchange plans: a comparison, not an automatic savings

Off-exchange plans are individual policies purchased outside the public marketplace. Some may offer the same or similar benefits as plans sold on the exchange, while other options may differ. Compare the actual policy, not just the carrier name or metal level. Check that the coverage meets the needs you expect and understand whether it is comprehensive major medical insurance.

One important trade-off: premium tax credits are generally available only for qualifying coverage purchased through the marketplace, not for an off-exchange policy. An employee who buys off-exchange should consider whether they might qualify for financial assistance through the exchange. A seemingly cheaper sticker price could cost more after accounting for a credit the employee would otherwise receive.

For a small business, off-exchange shopping may be relevant when an employee has a reason to choose a particular individual plan or network. It does not, by itself, create an employer-sponsored benefit or make the employer's contribution tax-free. Get professional guidance before mixing employer payments with employees' individual premiums.



HRA-style benefits: a way to set a budget

An HRA is an employer-funded arrangement that reimburses eligible expenses under defined rules. Unlike a group policy, the employer generally sets a reimbursement allowance rather than selecting one group plan for everyone. Employees then choose their own coverage, if the specific HRA design requires it. The employer does not simply hand out cash labeled "health insurance"; formal plan documents, substantiation, and administration matter.

Two common HRA approaches to ask about

- **Qualified Small Employer HRA (QSEHRA):** A type of HRA that may be available to qualifying small employers that do not offer a group health plan. It has eligibility, notice, reimbursement, and annual limit rules. Employees generally need qualifying individual coverage for reimbursements to be tax-free.
- **Individual Coverage HRA (ICHRA):** An arrangement that reimburses eligible individual coverage and, where permitted, other qualifying expenses. It has rules around employee classes, individual coverage, notices, and coordination with marketplace subsidies.

These are not interchangeable, and not every employer or employee will be eligible for every design. An HRA can help the business define its contribution, but the employee's overall cost still depends on available plans, location, and household circumstances. Employees should check how an HRA offer affects their eligibility for marketplace premium tax credits before enrolling or waiving coverage. The rules can be technical, so use a qualified benefits administrator, broker, tax professional, or legal adviser to set one up correctly.

Use the public exchange as a benchmark

Even if you are considering group coverage or an HRA, use the public health insurance marketplace exchange as a comparison point. It can help employees see the plans available in their areas and check whether they may qualify for financial assistance. It also gives you a reality check on local pricing and network choices. Remember that employees' subsidy eligibility is based on their own circumstances, not just the company's budget.

When comparing marketplace and off-exchange options, have each employee review plans for their own ZIP code. A remote employee in another state may face different carriers, premiums, and provider networks. Don't assume that a plan available near the business will work for someone living elsewhere.

A practical decision process for a three-person company

1. **List your employees' locations and needs.** Record ZIP codes, preferred doctors and hospitals, ongoing prescriptions, and any coverage priorities. Handle personal information carefully.
2. **Set a realistic employer budget.** Decide whether the company can support a predictable monthly contribution or a group-plan share, and whether that budget can remain stable at renewal.
3. **Check eligibility before requesting a stack of quotes.** Ask carriers or a broker to confirm group size, employee definitions, participation, employer contribution, and out-of-state availability.
4. **Build a one-page comparison.** For every option, note premium or allowance, deductible, out-of-pocket maximum, network, prescription costs, tax-credit implications, and the party responsible for administration.
5. **Confirm the rules before making promises.** Verify enrollment dates, required notices, documentation, and what happens if an employee joins, leaves, or changes coverage.

If you use Google and want more reliable research results, you can follow or add trusted sources through Google's "Preferred Sources" prompt when it appears. This can make it easier to find information from sources you trust, but it does not replace checking official marketplace, state, carrier, or IRS guidance for current eligibility and plan rules.

What to do next

For a three-person company, the answer may be a small-group policy, an HRA, or employees choosing individual marketplace coverage—with the business deciding whether and how it can support them. Compare all three only after you understand eligibility, participation, and employee locations. Then compare the networks and total out-of-pocket exposure, not just the monthly premium.

Ask a broker or administrator for a written side-by-side review, and have employees verify their own providers and prescriptions. If a group plan is unavailable or too costly, ask a qualified adviser whether a QSEHRA or ICHRA fits your company and how it could affect employees' marketplace assistance. That gives you a defensible next step instead of a rushed decision based on the cheapest quote.

