

National Network of Accountants, 6900 Jericho Turnpike, Syosset, NY 11791
www.nnaplan.com E-mail address: kathycaridi@nnaplan.com

THE HEALTHCARE CHALLENGE—AND A SMARTER WAY FORWARD



By Joseph W Tucciarone, CEO

Healthcare in America has entered a new phase—and not a favorable one.

Costs continue to rise faster than wages and business growth. Employers face annual premium increases, higher deductibles, and growing frustration from employees who feel they are paying more and getting less. For many businesses, health insurance has quietly become the **third-largest expense**, behind payroll and rent.

Yet most companies do the same thing every year: renew, shop carriers, and hope for a better result.

Hope is not a strategy.

The Core Problem

The traditional healthcare model is reactive. Businesses rely on brokers and carriers to manage costs—but those costs are largely outside their control.

Employers continue to ask:

- Why do premiums rise even when claims are low?
- Why are employees opting out due to cost?

Why doesn't "shopping the market" solve the problem?

Because the system is designed to price risk—not reduce it.

A Strategic Shift: Cafeteria Plans (Section 125)

Forward-thinking businesses are not replacing their health insurance—they are improving **how it is paid for**.

A **Section 125 Cafeteria Plan** allows employees to pay for health insurance premiums with **pre-tax dollars**.

Nothing changes:

- Same carrier
- Same coverage
- Same benefits

Only the payment method changes.

Before vs. After

Without a Section 125 Plan:

- Employees pay premiums with after-tax dollars
- Employers pay payroll taxes on that compensation

With a Section 125 Plan:

- Contributions are deducted before taxes
- Employers reduce payroll tax liability
- Employees increase take-home pay

The Financial Impact

For Employees:

- Savings on federal income tax
- Savings on Social Security and Medicare
- Often state tax savings
- Higher net pay without reduced benefits

An employee paying \$6,000 annually could save **\$1,500–\$2,400 per year**.

For Employers:

- Payroll tax savings of approximately **7.65%**
- Lower overall benefits cost
- Improved retention and morale
- No change to the insurance plan

This is a rare solution where **both employer and employee benefit immediately**.

Why This Matters Now

Healthcare premiums continue to rise, employees are more cost-sensitive, and businesses are under pressure to improve margins.

A Section 125 Plan addresses all three:

- **Lowers operating costs**
- **Increases employee take-home pay**
- **Strengthens recruiting and retention**

All within IRS-approved guidelines.

The Bottom Line

Healthcare costs are not going down.

But how you **manage and pay for them** can change.

The real question is:

“Can you afford not to?”

Business owners and CPAs who want to **reduce costs while improving benefits** can schedule a **complimentary Zoom review** with **Timothy Murray** at tmurray@nnaplan.com to learn more.

Tim Murray

Phone: 516-629-9045

E-mail: promano@independentcaptiveassociates.com

Independent Captive Associates LLC

6900 Jericho Turnpike

Syosset, NY 11791

www.nnaplan.com