

CUSTOMER PROFILE

True North Service, Inc. (TNS) is a Seattle-based company with approximately 35 employees. The company provides comprehensive user experience testing, application quality assurance, content certification, and monitoring services for applications, media, and games. TNS is heavily involved with mobile content; performing partner integration, operational services, and application verification for T-Mobile USA, AT&T, and many other mobile content providers.

THE CHALLENGE

TNS wanted to give its employees easy access to health insurance and contribute to the cost of coverage but could not offer a group health insurance plan because of price considerations. Individual health insurance policies were an attractive option, but the company encountered a number of problems with offering individual health insurance to employees.

First, individual health insurance generally is neither tax-exempt nor tax deductible. For people who do not have group health insurance, their health care expenses (including premiums) are only tax deductible to the extent that they exceed 7.5 percent of adjusted gross income. If TNS paid directly for the individual health insurance premiums for its employees, both FICA and income tax would have had to have been paid on the contributions.

Second, the company would have to collect and write checks for each individual health insurance bill each month, creating a heavy administrative burden for the company. This was not a long-term option for the fast growing business.

Third, there was no easy way for employees to apply for individual health insurance coverage without having the company's insurance broker come onsite to help them complete paper applications.

ARRAY'S SOLUTION

In November 2008, TNS implemented Array Health for its employees. Array utilizes a health benefits plan known as a Health Reimbursement Arrangement (HRA) that companies can use to reimburse employees for medical expenses, including individual health insurance premium, on a tax-preferred basis. As a result, TNS does not pay FICA or income tax on company HRA contributions employees use for the reimbursement of individual health insurance, and TNS can deduct all utilized HRA contributions.



www.truenorthservice.com


"Array Health provides THE healthcare solution for small business. From the plan selection tool to the all-in-one billing, Array Health makes it easy for us to provide healthcare coverage for our employees without having to join an expensive, restrictive group plan."


—Dan Deering, President
True North Service


Array Health provides a consolidated billing service, in which it aggregates individual health insurance premium bills and presents TNS a single bill each month for all employees' premiums.

Moreover, Array Health offers employees an online individual health insurance application platform, complete with decision-making software and plan comparison tools that they can use to apply for health insurance.

KEY BENEFITS

 **Tax advantages:** Employees do not pay income or FICA taxes on the HRA contributions and all utilized HRA contributions are tax deductible for TNS.

 **Consolidated billing:** TNS receives one bill each month for all the health insurance policies of its employees and only writes one check for all policy premiums.

 **Online application platform:** Array's online application platform makes it easy for employees to apply for individual health insurance coverage.