How to Address Insurance
For Nonprofits

Problematic Practice	Potential Solutions: Sustainable Practice	Potential Solutions: Aspirational Practice
Some nonprofits violate their own core values by leaving employees and their families without health benefits. Some employees acquire medical debt or go without needed care.	If 100% of family insurance for all staff is impossible to fit into the budget, employee contributions to health insurance should be scaled to be affordable at each pay tier. One option is to buy full family plans for the lowest paid staff; contribute 50% or more to individual plans for the highest paid management staff; and offer no health insurance for those covered elsewhere, by a family member, public program (eg VA, Medicare) or by another employer or school. At a minimum, for any staff otherwise uninsured, reimburse the cost of a subsidized “bronze” plan under the Affordable Care Act for income-eligible staff; and for ACA-ineligible others, buy a basic high-deductible catastrophic-only plan.	Full family health coverage for all staff is the gold standard; prioritize it in fund-raising and budgeting. Consider paying for treatments uncovered by conventional insurance, such as acupuncture and chiropractic, gender-affirming care and reproductive health, to be covered by flexible spending accounts. Initiate conversations with funders about the positive impact on the mission of fully funding health benefits for all.
Part-time employees get no benefits, or get an employer contribution too small for them to afford even the cheapest health insurance plan. Although less common than in the corporate sector, some nonprofits keep part-time staff hours below the minimum needed to be eligible for health benefits under their personnel policy. It is unethical to employ anyone and leave them completely without health coverage.	For part-timers with no other source of health insurance, make prorated contributions to Health Savings Accounts. Allow part-timers to buy into the health plan.	Consider fully insuring all staff, including part-timers.
Many employers haven’t prepared to support employees who develop disabilities or long-term serious illnesses, and don’t offer life insurance to help the survivors of deceased employees.	Disability insurance and life insurance can be affordable if purchased as group plans, especially for larger nonprofits.	Consider the services of a Professional Employer Organization (PEO) to access group plan discounts.

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Long-term people with staff-like responsibilities are often misclassified as contractors to avoid employer taxes for social insurance programs, putting organization at risk.	Managers should be familiar with the IRS criteria for a contract position exempt from employer taxes. (For example, contractors must control their own equipment, time and methods of work, and must not get any paid leave or benefits. Turn contractors into employees with benefits and paid leave if the positions are ongoing, embedded in the organization, and meet the IRS criteria for an employee. (Seasonal, intermittent and temporary workers can also be classified as employees.)	
Contracted positions comply with Fair Labor Standards Act guidelines, but are not paid sufficient premium over staff wages to cover the 15.2% double FICA and Medicare contributions, and to self-insure against unemployment and workplace injuries.	Add at least 16% to equivalent staff pay for self-employed contractors.	Use Practice Best Practice's calculator to convert hourly wage levels into consultant fees that include the long-term costs of being self-employed, such as business development, marketing and equipment, and long-term needs such as retirement savings, health care and dependent education.

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