

Shopping for health coverage outside the public health insurance marketplace can seem like a straightforward way to find more plans or get help from a broker. But “off exchange” is not a single kind of insurance. It can mean buying an individual policy directly from an insurer, using a broker to compare plans, or arranging employer-sponsored small-group coverage. Each route has different eligibility rules, costs, and administrative responsibilities.

For a small business, the main downside of **off-exchange health insurance** is not necessarily that the coverage is worse. It is that comparing plans and managing the arrangement can take more work—and some options do not provide access to the same financial assistance available through the public marketplace. Before comparing premiums, ask: **Who is in-network for our employees’ ZIP codes?** A low price does not help much if employees cannot readily access the doctors and hospitals they use.

What “Off Exchange” Means

The public health insurance marketplace—HealthCare.gov or a state-run marketplace—is a place to compare and enroll in individual health plans. Plans offered through the marketplace may be eligible for premium tax credits for people who qualify based on household income and other rules.

Off-exchange individual coverage is purchased outside that marketplace, often directly from an insurer or with a licensed broker’s help. Some off-exchange plans are ACA-compliant major medical coverage, but they generally do not qualify for marketplace premium tax credits. Other products sold outside the marketplace, such as short-term coverage or limited-benefit policies, may not provide the same protections as comprehensive ACA-compliant insurance. Check the exact product type rather than relying on the label “health insurance.”

Small-group coverage is a separate category. An eligible small employer may buy a group policy from an insurer, sometimes with a broker’s assistance. The SHOP marketplace may be available in some locations, but availability and the practical choices offered can vary. A small-group plan bought directly from a carrier is not the same as an individual off-exchange policy.



Why Small Businesses Look Outside the Marketplace

Small employers often shop beyond the public marketplace because they want to offer a group benefit, give employees a choice among plans, or get help from a broker. A business may also be looking for a carrier or network that employees recognize. In some markets, the available group plans, individual marketplace plans, and direct-to-carrier options do not match exactly.



- **They want a traditional group benefit.** The employer selects a plan and usually contributes toward employee premiums.
- **They want more help comparing choices.** A broker can explain plan documents, enrollment steps, and renewal timing.
- **They want to explore a particular carrier or network.** Availability varies by state, county, and ZIP code.
- **They are considering an HRA-style arrangement.** Instead of offering a group policy, an employer may reimburse eligible individual coverage expenses under a compliant arrangement.

Those goals are reasonable, but they do not automatically make off-exchange shopping cheaper or simpler. The employer still needs to confirm who can participate, how much the business will pay, what employees must do, and who will handle ongoing administration.

The Main Downsides of Off-Exchange Shopping

1. You may lose access to premium tax credits

People who buy individual coverage outside the public marketplace generally cannot apply marketplace premium tax credits to that policy. That can make an off-exchange plan more expensive than an otherwise similar marketplace plan for someone who qualifies for financial assistance. Eligibility depends on household circumstances and applicable rules, so employees should compare their own marketplace options rather than assuming the employer's or broker's quote is the lowest net cost.

This is especially important when a small business is deciding between a group plan and an HRA. An HRA may affect whether an employee can receive marketplace assistance, and the result depends on the arrangement and the affordability of the coverage it offers. Employees should be given clear information and encouraged to check their individual situation before enrolling.

2. Plan comparison takes more work

Off-exchange options may be presented across different carrier websites, broker proposals, and plan documents. Comparing the monthly premium alone can hide substantial differences in deductibles, copayments, coinsurance, prescription coverage, out-of-pocket limits, and provider networks. This is where the **plan comparison workload** grows: someone has to gather consistent information and check that each plan is being compared on the same basis.

For every option, confirm whether the plan is ACA-compliant major medical coverage and review its Summary of Benefits and Coverage. Check the plan's provider directory directly, then confirm important providers with the carrier. Networks can differ by ZIP code, and an employee working remotely may live in a different service area from the business owner or office.

3. "More choice" can mean more administration

Offering multiple plans can help employees find a better fit, but it can also create extra enrollment questions, payroll coordination, billing checks, and renewal work. The employer may need to track who is eligible, when coverage starts, whether deductions are correct, and how life events are handled. These tasks are part of **benefits administration**, not optional extras.

Individual policies also usually have their own member accounts and billing arrangements. An employer should be careful not to informally reimburse individual premiums without a compliant structure. Informal payment practices can create tax and legal problems; ask a qualified benefits professional or tax adviser how the arrangement should be set up.

4. Small-group eligibility and participation rules can block enrollment

Small-group plans commonly have eligibility, employer-contribution, and participation requirements. The details vary by state, insurer, and plan. A carrier may require a minimum number of eligible employees or a minimum percentage of eligible employees to enroll. Employees with other qualifying coverage may be treated differently under some rules, but do not assume that a particular waiver counts without checking the carrier's written requirements.

Businesses must also establish who counts as an eligible employee. Owners, spouses, part-time workers, seasonal employees, and employees with other coverage may be treated differently depending on the applicable rules and the business structure. A company with only an owner—or only owners and spouses—may not qualify for a small-group plan in a particular state or under a particular carrier's rules.

Ask about these conditions before spending time comparing premiums. A quote is not proof that the business can enroll. Confirm the employer's eligibility, the employee count used by the carrier, required contributions, participation calculations, and any enrollment-period exceptions in writing.

Broker vs. Direct-to-Carrier Shopping

A broker can help collect quotes, explain differences, and coordinate enrollment. Depending on the arrangement, the insurer may pay the broker commission; ask how compensation works and whether it differs among the options being presented. A good broker should be willing to explain trade-offs [small group health plan](#) plainly, not just hand over a rate sheet.

Shopping directly with a carrier can be useful if you already know which insurer and network you want to investigate. The limitation is that one carrier can only show its own products. You may have to repeat the

comparison process with several insurers, and you are responsible for putting the information into a useful side-by-side format.

Shopping route Potential advantage Potential downside Questions to ask Broker Help comparing plans and coordinating enrollment Plan selection and compensation may not be fully transparent unless you ask Which carriers did you quote? How are you compensated? What work do you handle at renewal? Direct to carrier Direct information from the insurer and access to its offerings Limited to one carrier at a time; more work to compare broadly Is this group or individual coverage? Is the plan available in each employee's ZIP code? Public marketplace One place to compare marketplace plans and check potential financial assistance Does not necessarily include every off-exchange or employer group option Can employees qualify for assistance? Which plans and networks serve their ZIP codes?

Keep a one-page comparison sheet for every carrier or broker conversation. Include the plan name, network, monthly premium, deductible, out-of-pocket maximum, prescription details, employer contribution, employee cost, participation rules, and renewal date. That makes it much easier to spot when two quotes are not actually comparable.

Where HRA-Style Reimbursement Fits

A health reimbursement arrangement (HRA) is an employer-funded arrangement that reimburses eligible medical expenses under specific rules. It is not simply a promise to pay an employee's insurance bill. Different HRA types have different eligibility, notice, substantiation, and reimbursement requirements. Common options for small employers include a Qualified Small Employer HRA (QSEHRA) and an Individual Coverage HRA (ICHRA), when the employer and employees meet the applicable requirements.

With an HRA approach, employees generally select individual coverage themselves, and the employer sets a reimbursement allowance subject to the rules for that HRA. This can avoid choosing a single group plan, but it shifts work into setting up a compliant arrangement, documenting expenses, communicating the allowance, and coordinating with a qualified administrator or adviser. Employees also need to understand that they may be choosing their own plan and network, rather than joining one shared employer plan.

Do not treat an HRA as a shortcut around participation rules or as an informal reimbursement program. The arrangement's type, employee eligibility, annual limits where applicable, and interaction with marketplace financial assistance need to be reviewed before launch. A benefits adviser, administrator, or tax professional can help confirm the right structure for the business.

How to Make an Off-Exchange Comparison More Reliable

1. **Map employee locations first.** List employee ZIP codes and identify the networks available in each service area. Ask, "Who is in-network for our ZIP codes?" before comparing prices.
2. **Confirm the coverage category.** Identify whether each option is individual major medical, small-group coverage, or another product. Do not compare unlike products as if they were equivalent.
3. **Check marketplace assistance.** Ask employees to review their public marketplace options and potential eligibility for premium tax credits. An off-exchange quote does not show an employee's net marketplace price.
4. **Verify group eligibility and participation.** Get the carrier's rules for employee count, employer contribution, participation, waivers, and enrollment timing in writing.
5. **Compare total cost and coverage.** Record premiums, deductibles, out-of-pocket maximums, prescription coverage, provider access, and employer contributions on one sheet.

6. **Assign administrative ownership.** Decide who will manage enrollment, payroll deductions, invoices, employee questions, documentation, and renewals.
7. **Review HRA requirements before promising reimbursement.** Choose a compliant arrangement and explain how it may interact with individual coverage and marketplace assistance.

Use Reliable Sources—Not Just Search Results

Start with the public health insurance marketplace for information on marketplace plans and possible financial assistance. For employer coverage, confirm the actual rules with the insurer, state insurance department, or a qualified benefits professional. Use plan documents and carrier directories to verify benefits and networks; summaries and search snippets are not enough to establish whether a specific doctor is in-network.

If you use Google's "Preferred Sources" feature, follow or add trustworthy sources—such as official marketplace and government health coverage information—so they are easier to find in search. That can improve what you see, but it does not replace checking current plan documents, state-specific rules, and carrier network details.

Bottom Line

The downside of shopping off exchange is not simply "higher prices." It can mean losing access to marketplace premium tax credits for an individual policy, taking on more plan comparison workload, navigating small-group eligibility and participation rules, and managing more benefits administration. Broker support or an HRA may make sense for some small businesses, but neither removes the need to verify networks, costs, eligibility, and compliance.

Compare the public marketplace, direct-to-carrier options, broker proposals, and any HRA approach on the same one-page sheet. Start with employee ZIP codes and network access, then confirm the rules and total cost. That is a much safer approach than just picking the cheapest plan.