



May 12, 2015

Large or Small Employer????...

The question and answer are getting more complicated. January 1, 2016, groups from 50 - 99 employees will be rated as a "small employer" under modified community rating, however they will still be subject to the "large employer" mandates of providing affordable minimum benefit coverage.

What does this mean...presently groups from 50-99 employees are risk-rated based on their occupation, the group's experience, known medical conditions and expected claims. Starting with renewals on January 1, 2016, these groups will now be rated like small employer groups (less than 50 employees) based on modified community rating. With modified community rating only the employer's location, plan design and the age of each participant and dependent is used to determine the rates (tobacco status may also be used). In the small group market, many employers have seen tremendous increases in premiums and smaller plan choice options, basically forcing them to continue their transitional policies to avoid greater cost. We are projecting similar results when the 50-99 market segment moves to modified community rating.

In addition, under modified community rating composite premium rating is eliminated and each employee's rate is based on the employee's age and the age and number of their covered dependents. Employers in this category will no longer have an employee only rate, employee/spouse rate, employee/child rate or family rate - each employees' rate could be different. Some carriers may offer composite rate information for employers to use to determine premium cost-sharing, however groups will be billed based on the age rates.

Anthem and Humana announced late last week that they have been approved to offer "transitional" policies for this segment of employer groups, however this transitional relief is very limited. Transitional relief will only be available through the October 1, 2016 renewal (coverage ending on 9/30/17). Bluegrass Family Health and United Healthcare have not made announcements as of yet, however it is expected that they will make similar provisions available.

Why mention this now? If your group falls into the 50-99 employer size you may want to consider electing an early renewal as of October 1, 2015. By electing an October 1, 2015 renewal you will be able to make plan changes and still have risk-rated rates instead of modified community rates. October 1, 2016, employers will be allowed to elect an early renewal to keep their current policy, however they will not be able to make any plan changes. Any plan change made on or after October 1, 2016 will result in the group losing transitional status and being forced to go to modified community rating.

Effective October 1, 2017, all groups of 2-99 employees will have to have ACA compliant plans or grandfathered plans - transitional plans (also called grandmothers plans) will be eliminated. Just a reminder, grandfathered plans are plans that were in place prior to March 23, 2010 and have not had any plan changes or changes in the premium cost-sharing. We will be contacting all employer groups that may fall in the 50-99 range to discuss these options in more detail.



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May is Disability Insurance Awareness Month

Did you know...

- Most disabilities are caused by illnesses like cancer, stroke and heart attacks - you don't have to be a daredevil to be at risk. In fact, 90% of all disabilities are illness related.
- Most American's would have difficulty sustaining their lifestyles for six-months without a paycheck. In fact, a recent Bankrate survey** found that only 38% of Americans are even capable of covering a \$500 repair bill or a \$1,000 medical bill from their checking account. The other 62% would have to incur debt or eliminate another expense to afford these extra payments.
- The average long-term disability claim duration is 31.2 months, according to the 2010 Gen Re Disability Fact Book. How will the average employee cover 31 months without a pay check if they have trouble covering a \$500 or \$1,000 medical bill?
- 1 in 4 of today's 20 year olds will become disabled before they retire.
- In December 2010, there were over 2.5 million disabled workers in their 20s, 30s and 40s receiving SSDI benefits.
- 62% of all personal bankruptcies are caused by medical problems.

Short and/or long term disability insurance can help fill these needs. Disability policies offered or provided on a group basis are generally less expensive than individual policies. Group policies can be structured to be employer-paid or voluntary. Depending on the size of the group, the coverage may be guaranteed-issue (no medical questions asked). Quotes for long or short term disability are relatively easy to obtain - all we need is a census. Please let us know if you would like to review employer-paid or voluntary disability coverage.

In the News....

- On 4/16/15, two days after both the House and Senate passed the repeal of Medicare's Sustainable Growth Formula (SGR), President Obama sign the law eliminate the recurring threat of payment cuts to physicians.
- The House also approved the extension of CHIP (Children's Health Insurance Program) that provides health coverage to children in lower household incomes through 2017. The Senate is still working on their version of the bill.
- Both the House and Senate are working on legislation to repeal the Medical Device Tax (a 2.3% tax added to the sale of certain medical devices as part of the ACA), however the Obama administration is not in favor of the repeal unless Congress can find a way to make up the \$26 billion the tax is projected to create over the next 10 years.

We hope this edition of The Pike & Preston Minute has been helpful. Please let us know if you have a topic you would like discussed or if you would like to schedule a meeting to discuss these or any other topics.

Sincerely,

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