



Changes to small group rating under ACA

The affordable care act requires significant changes to the way that most insurance companies have calculated rates for small group customers.

The new requirement that will have the largest impact for our customers and our brokers is the requirement that all rating calculations take place at the member level. Pre-ACA most carriers calculated premium based on the enrollment tier and age of the employee / subscriber.

This will have a significant impact on premium for groups with member populations that do not follow the "averages". The group premium will be the sum of the member premium*

What this means for our customers.....

Census information will need to be provided at the member level

Each small group customer will **need to provide the date of birth and relationship to the employee / subscriber for all spouses and children covered under the group plan.**

All small group rates will be issued on a 4 tier basis.

Employee Only

Employee & Spouse

Employee & Child(ren)

Family

The coverage level or "Tier" does not need to be entered on the census. Employee / subscribers will automatically be placed in the correct tier based on their family composition.

HNE will continue to quote and bill composite (tiered) rates for small group employers.

Rates set at the start of the policy period will be based on the members enrolled at the start of the policy period

Enrollment changes - additions & terminations will not automatically require the calculation of new composite rates.

Composite rates will be recalculated at the policy renewal.

For 2014 the definition in the state of Massachusetts will continue to be based on the eligible employees. Small group is defined as an employer with 50 or fewer employees that are eligible to enroll in the group medical plan. ~ *In 2016 all states will be required to use the federal definition of less than 100 full time equivalent employees [FTE's]*

**There is a cap on the premium charged for child dependents. No more than 3 child dependents under the age of 21 will be included in the premium development. There is no limit on the number of child dependents that may be covered under one family policy, the limit is only on the premium calculation.*