

SMALL GROUP DEFINITION CHANGE FOR 2016

In response to the Affordable Care Act (ACA), New York state will be changing the definition of a small group in 2016. Currently, a business with 50 or fewer Western New York employees eligible for health insurance is considered a small group. However, effective January 1, 2016, a small group will be defined as a business with 100 or fewer full-time equivalent employees (FTEEs) nationwide.

HOW DO YOU DETERMINE YOUR GROUP SIZE?

In New York state, a group's size is currently based on the number of eligible employees. Although the New York State Department of Financial Services has not provided final guidance, it is anticipated the state will follow the federal definition of a group's size based on FTEEs. Therefore, understanding how many national FTEEs you have will help you determine whether or not you are considered a small group.

According to the ACA, the following factors are used to calculate an employer's total number of FTEEs:

- **Full-time employees** – Under the final regulations, for purposes of determining full-time employee status, 130 hours of service in a calendar month is treated as the monthly equivalent of at least 30 hours of service per week.
- **Part-time employees** – Prorated (total hours worked by all PT employees in a month, divided by 120).
- **Seasonal employees** – Not counted for those working up to 120 days per year.
- **Temporary agency employees** – Generally counted as an employee of the temporary agency.
- **Franchise employees/common ownership** – All employees across the entities are counted in one sum.

EXAMPLE OF FTEE CALCULATION

A business has a total of 110 employees: 70 full-time (working at least 130 hours per month), 30 part-time (working a total of 2,400 hours per month), and 10 seasonal employees (who work 30 hours per week for the 3 summer months).

Full-time:	70
Part-time: (2,400 hours per month ÷ 120) =	20
+ Seasonal:	n/a
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Total FTEEs:	90

This business would be considered a small group employer.

WHAT PLAN OPTIONS ARE AVAILABLE TO SMALL GROUPS?

There are a variety of plan options for small groups to choose from. As established through the ACA, small group plans are available in four "metal tiers" that are determined by a plan's actuarial value, which is roughly the average percentage of health care costs the insurer pays. The metal tiers are:

- **B BRONZE:** 60% actuarial value (similar to existing high-deductible health plans)
- **S SILVER:** 70% actuarial value (similar to existing high-deductible health plans)
- **G GOLD:** 80% actuarial value
- **P PLATINUM:** 90% actuarial value (designed with minimal copays or cost sharing)

HOW ARE SMALL GROUP PLANS DIFFERENT?

- Unlike large group plans that are rated based on a group's experience, all small group plans are community-rated. Under "community rating," all people covered by the same type of health insurance policy are charged the same premium based on the health and demographic profile of the geographic region or the total population covered under a particular policy.
- All small groups have a four-tier rate structure:
 1. **Employee only** – Employees with no dependents.
 2. **Employee and Spouse** – Employees with a dependent spouse and no child dependents.
 3. **Employee and Child(ren)** – Employees with one or more dependent children but no dependent spouse.
 4. **Family** – Employees with both a spouse and one or more child dependents.
- The ACA requires that all health plans provide certain Essential Health Benefits for small groups:



ESSENTIAL HEALTH BENEFITS

- Ambulatory Patient Services
- Emergency Services
- Hospitalization
- Laboratory Services
- Maternity and Newborn Care
- Mental Health and Substance Abuse Disorder Services, including Behavioral Health Treatment
- Pediatric Services, including Oral and Vision Care
- 3-Tier Prescription Drugs
- Preventive and Wellness Services and Chronic Disease Management
- Rehabilitative and Habilitative Services and Devices

WHEN WILL THE SIZE OF SMALL GROUPS CHANGE?

The small group definition change will be effective upon a group's 2016 renewal date, beginning with groups that renew on January 1, 2016.

LOOKING AHEAD

Independent Health will continue to keep its employer groups up-to-date with the latest information pertaining to the small group definition change for 2016. In the coming weeks, we expect final guidance to be provided on whether self-funded services and stop loss coverage will remain available to groups with 51–100 employees.

As always, employers with questions about any ACA requirement or their group coverage can contact their broker or Independent Health account manager.

