

Brief Notes

News for
Brokers and Consultants

September 22, 2015

Applies to: Midsize Market (employers with fewer than 101 eligible employees)

UPDATE: Horizon BCBSNJ's Options for Midsize Group with Fewer Than 101 Eligible Employees, Based Upon ACA's New Group Size Definition

As a follow up to the July 9 issue of Broker Notes on the above topic, Horizon Blue Cross Blue Shield of New Jersey would like to share some new developments in our efforts to accommodate existing customers who are likely to be affected by the ACA's new Small Employer definition. Changes to the July 9 issue are listed in Options 1 and 2 on the following pages.

Effective **January 1, 2016**, the federal Affordable Care Act (ACA) will require the definition of a Small Employer in New Jersey to change from 50 or fewer eligible employees to 100 or fewer eligible employees. This change will have a significant impact on New Jersey businesses purchasing insurance coverage.

In preparation for this change, Horizon BCBSNJ has developed options to help its existing customers that meet or anticipate meeting the new Small Employer eligibility requirements.

This *Brief Notes* provides the necessary guidance and decision support for you to help your Horizon BCBSNJ clients choose the right health plan coverage based on what the ACA will allow moving forward.

Impact of the ACA's New Group Size Definition

For Midsize employers with fewer than 101 eligible employees and an anniversary date in **2015**:

- Each group will be presented with Horizon BCBSNJ's standard renewal package with their existing Large Employer coverage and may renew with their existing plan coverage.
- Each group is free to change their large group plan options consistent with Horizon BCBSNJ's underwriting rules.

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For Midsize employers with fewer than 101 employees and an anniversary date in **2016**:

- No group will be offered a standard renewal package in the Large Employer market as they will now be defined as a Small Employer under the ACA definition and will no longer be eligible within the Large Employer market. With that, each group will receive a non-renewal notice (approximately 60 days prior to their renewal date) advising them that they are no longer eligible within the Large Employer market.
- **However**, there are four options available to these groups, all of which are explained on the following pages:
 1. Early Renewal
 2. Grandmothering (enables groups to maintain their existing plan or product coverage)
 3. Alternate Funding
 4. Small Employer coverage

Option 1: Early Renewal for Midsize groups with fewer than 101 employees

Existing Midsize employee groups **with a January or February renewal date** will be able to choose to early renew by **October 1, 2015**. A group may consider the option to early renew with a new anniversary date of October 1, 2015 if it has fewer than 101 employees and is currently enrolled in the Large Employer market. The early renewal option permits a group to maintain its existing plan coverage for an additional year (from **October 1, 2015** through **September 30, 2016**). It also allows the group to renew again within their existing plan designs (via the transitional policy or “grandmothering” option described under Option 2 on the following page) on **October 1, 2016**, with the last date of coverage on **September 30, 2017**.

Important details:

- To take advantage of the early renewal option, a group must change their anniversary date and a new contract will be issued.
- **To release an early renewal, the group’s participation audit form must be completed to determine eligibility requirements.**
- **Groups with a renewal date of March 2016 and later may be able to extend their current renewal through September 30, 2016.**
- Groups that choose to early renew for October 1, 2015 and have:
 - A *calendar year* benefit period will automatically receive credit for any deductible accumulated in the 2015 calendar year benefit period.
 - A *contract year* benefit period will have their deductibles and accumulators reset on October 1, 2015.
- A new Summary of Benefits and Coverage (SBC) will be distributed to all employees as notification of the group’s renewal date change to October 1, 2015.
- While groups renewing early will receive a rate increase earlier than they otherwise would have, the increase will be lower than the increase that would have occurred on their regular renewal date. Additionally, groups could then take full advantage of grandmothering (Option 2 on the following page) by delaying the conversion to the small group plan through the end of September 2017.
- For groups electing early renewal, Horizon BCBSNJ requests a timely response to ensure any necessary changes are made within a reasonable timeframe.

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Options 2 – 4: For Midsize groups with fewer than 101 employees that do not take action to early renew by October 1, 2015 and their anniversary date is *on or after* January 1, 2016

These groups will be offered the following options:

- Option 2 – Grandmother the Large Employer health insurance policy
- Option 3 – Select a Horizon BCBSNJ plan with alternate funding
- Option 4 – Select a Horizon BCBSNJ Small Employer plan

Option 2: Grandmother the Large Employer health insurance policy

For the least disruption, a group has the opportunity to maintain its current plan design for an additional year from the date of renewal **or move to a lower option plan within the same product (i.e., EPO to EPO, PPO to PPO, Direct Access to Direct Access).**

Important details:

- Each group will receive notification from Horizon BCBSNJ informing them of their option to grandmother, which will include their current plan design and the rates.
- A group must affirmatively elect to grandmother its Large Employer current plan design.
- The grandmothereing option will be permitted for renewals between January 1, 2016 and October 1, 2016.
- **A lower-option plan change within the same product may be made to a group's existing medical plan.**
- **Groups with Horizon Pharmacy can also downgrade their plan (i.e., add/increase the deductible or change the plan completely, as long as it represents a downgrade to the plan.)**

Option 3: Select a Horizon BCBSNJ plan, with an Alternate Funding arrangement

Horizon BCBSNJ will introduce several new products and services for effective dates of January 1, 2016 and after. The new options will include new products that will improve the health of our members, reduce the cost of health care and enhance the patient experience. This option will only be available with an Alternate Funding arrangement. We will provide more detail about the new products and services as we get closer to launch.

Option 4: Select a Horizon BCBSNJ Small Employer plan

If a group does not affirmatively elect to grandmother its Large Employer health benefit coverage, it may select any benefit plan from our 2016 ACA-compliant Small Employer (two to 100 eligible employees) product portfolio.

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Important details:

- Any group with a renewal after October 1, 2016 will not be renewed within the Large Employer market and will have the option to convert to a Small Employer market plan if the group meets the Small Employer eligibility requirements.
- Each group will receive notification from Horizon BCBSNJ informing it of its option to review Small Employer plan options.
- For a group to review Small Employer plan options and quotes, please contact your Horizon BCBSNJ Account Manager.
- If a group chooses to enroll in one or more of our Small Employer plans:
 - The group will need to be submitted as new business five days prior to the renewal date.
 - If the group chooses to enroll in a Small Employer health plan outside of the Small Business Health Options Program (SHOP) Marketplace, the ACA requires health issuers to cover essential health benefits, including pediatric dental benefits. Our health plan offerings do not contain pediatric dental benefits; instead, we offer a Stand Alone Pediatric Dental (SAPD) plan. Unless the group provides “reasonable assurance” that it purchased an SAPD plan from another carrier, the group will be enrolled in a Horizon BCBSNJ SAPD plan that provides pediatric dental benefits for eligible members under age 19 years.
- A new SBC will be distributed to all employees as notification of the plan changes.

If a group takes no action

If upon notification of non-renewal the group does not choose to grandmother its existing plan, select a plan with alternate funding or move to a Small Employer plan, the group’s coverage will be terminated. Termination date will be the last date of the group’s current contract.

If you have questions, please contact your Horizon BCBSNJ Sales Executive or Account Manager.