

CLIENT ALERT

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LOOKING TOWARDS TUESDAY

Tuesday is the day the Individual and Small Employer (less than 50 lives) exchanges open up for enrollment for a January 1, 2014 and later effective date.

There are a few things to keep in mind:

- Ø The Website for Individual and SHOP coverage is www.healthcare.gov. If the state has elected to run its own marketplace, this site will provide you with the appropriate link.
- Ø Final Security functions are scheduled to be tested on September 30 – we do not know if the marketplace opening will be delayed if the security functions fail testing.
- Ø CHB Group is licensed to sell plans in the marketplace to our small group clients. Rates do not change if you “go it alone” or use a broker.
- Ø There are many places where you can see “average” individual rates for your area. Actual rates will be based on the person’s age, location and tobacco use.
- Ø Do not be fooled by what appear to be pre-October 1 published rates which in some cases are extremely low. The individual Bronze plans that have already been posted have very high deductibles, often have limits on how prescriptions are covered and may limit you to a smaller in-network network. (For example - we have seen plans with a \$6,300 deductible and 50% prescription coverage for Brand name drugs).

- Ø If current contributions made by your employees are on a pre-tax basis, you are offering a Premium Only Plan (POP) as defined by the IRS. (For more information on this, visit our website at www.chb-group.com, Client Alerts)
- a. If your POP is NOT on a calendar year basis, employees MAY NOT drop off of your plan and go into the individual exchange, nor may they opt into your plan in order to avoid the Individual Penalty. Availability of the individual marketplace is not a qualifying event as defined by the IRS.
 - b. The proposed rules provide that employers with non calendar-year plans may amend their Section 125 plans to allow participants to drop coverage as of Jan. 1, 2014, to enroll in an exchange plan. Employers also may amend their plans to allow employees who had declined coverage to enroll and pay premiums on a pre-tax basis as of Jan.1, 2014, so that the employee can meet the coverage requirement.
 - c. Employers considering allowing a special enrollment for those who had declined coverage should obtain the consent of their carrier before implementing this option.
 - d. If you want to allow this, please contact us so that we can get approval from your carrier. If we helped you with your Section 125 POP, we will work with your administrator to get the amendment. If we were not involved in setting this up for you, please contact whoever did help you – Payroll Company, accountant, attorney, TPA etc...
- Ø Currently, small group clients can elect to offer more than one plan for their employees. This will remain the same outside of the SHOP. If you go into the SHOP, you may only offer one plan for 2014.
- Ø The indications we have from the insurance companies are that rates in the SHOP will be competitive with the rates you are currently getting outside the SHOP for similar plans.

DISCLAIMER – *There is still a lot of mystery surrounding available plans, carriers and rates in the Marketplaces around the country.*

The information provided in this Client Alert is correct as of today and is subject to change.