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 Help With Coverage/Quote Requests

"Last Minute" Guide To Colorado Small Group Health Insurance for 2016

- Are you an employer with 2-25 employees that is extremely busy or has procrastinated?
- Did you receive a notice that your plan is being cancelled and replaced by a different plan?
- **Do you know we have only a few weeks to quote and enroll groups for 12/1/15 and 1/1/16?** What should you expect and when should your paperwork be submitted for your case?
- Do you understand it's physically impossible for your broker to take care of you on the last day before a holiday week and the time is NOW to enroll so your group is processed by underwriting and your new ID cards and packets are on the way?

Important Facts to help YOU understand the difference in the INDIVIDUAL direct, exchange/ marketplace and Small Group Health Insurance in 2016:

1. **Everyone must enroll in coverage or face a penalty**

2. **Thinking of sending your employees to the INDIVIDUAL marketplace? Think again!** Your employees earning under \$45,000 must **APPLY for MEDICAID** and get **DENIED** to obtain a **SUBSIDY** in the state of Colorado. It's an indignity shouldn't be forced on highly skilled workers and for many young employees that earn between \$32,000-\$45,000. The exchange mostly helps the very poor and those who are over the age of 45.

3. **Your employees may be OUTRAGED at their choices on the Connect For Health Colorado and the premium increases going from a discontinued NON ACA compliant plan to a new plan.** All of the insurance offerings on the **INDIVIDUAL** exchange are **NARROW** networks (mostly HMO's/EPO's) that have less MD's/Hospitals and the plan designs also have more out of pocket up front such as requiring those on some of the BRONZE or SILVER plans to pay deductible and co-insurance for a specialist visit instead of an office visit co-pay. Some other differences, group plans have more discounts and more items covered with a copay.

Example: Comparing approx. \$3000 deductible Pathway HMO Plan *(Filed as HMO, Works like EPO, no referral required for specialist)*

Small Group Insurance Plan

- Lower PCP Copay/Specialist copay
- Chiropractic/acupuncture with copay
- Rehab visits with copay
- Gym Reimbursement up to \$400

Individual HealthPlan

- Higher PCP Copay Specialist is deductible and co-insurance
- Chiro/ Acupuncture not covered
- Rehab deductible and co-insurance
- No Gym Reimbursement program

The setup by insurance companies is such that employers and their employees are "rewarded" with better plans and options on a group plan compared with individual coverage.

4. If you are a **STARTUP, just LAUNCHED** or have workers with an average earned income of less than \$50,000 a year and under 25 employees, did you know you can get a **dollar for dollar TAX CREDIT of up to 50%** of the premiums you pay for your employees?

5. **Highly paid? Don't qualify for the tax credit?** You know that highly paid workers in Information Technology, Law, Medicine and other fields are in demand and as an employer trying to retain and recruit employees that are comparing an offer with your company vs a large company that a robust benefits package can be a deciding factor on whether you can hire qualified talent. Unemployment is LOW in Colorado and IT companies are stealing away talented employees with higher pay and better benefits. **You are still eligible for a TAX DEDUCTION** for premiums paid for employees on a group health insurance plan (and if you choose to do so, any part of the dependent premium).

6. **Don't have the funds for a contribution?** **One Small Group Company doesn't require a contribution and has multi option with 4 employees. Employees get a better plan and SAVE 20-30% PRE-TAX through payroll and your business saves on FICA!**

7. **Rates for 2016 are up from 2015 due to a variety of factors:** ACA compliance, higher levels of coverage, coverage for folks with pre-existing conditions in the pool and geography. Folks living in the mountains/resort areas will see higher costs due to less competition available to create discounts (one hospital and fewer MD's per county).

8. **Have you been giving employees a "reimbursement" for individual insurance plans through a group Health Reimbursement Account (HRA) for the past few years? Are you aware that it's now ILLEGAL to purchase "individually "purchased health insurance policies through a defined contribution arrangement or HRA effective July 1 2015?** **To continue a group HRA you must move your employees and partners to a GROUP health insurance plan.** What happens if you continue to reimburse any policy that is not part of a group health plan???? You can get audited and the penalties for non-compliance will sky rocket for each day you are out of compliance. **"But my agent, accountant, etc told me I can still do this!" REALLY? Ask them if they are going to spend thousands of dollars in court to back you up when the IRS/DOL comes calling?** The IRS intends to audit every small group between now and 2018 with over 2000 IRS/DOL auditors hired. **Now is not the time to be "cheap" as it will cost you more in time, aggravation and legal fees later.** Start fresh in 2016 with a group health insurance plan and you will have the peace of mind of being in compliance with the IRS and DOL. **IMPORTANT TO READ: <https://www.irs.gov/Affordable-Care-Act/Employer-Health-Care-Arrangements>** copied and pasted below for you.

What are the consequences to the employer if the employer does not establish a health insurance plan for its own employees, but reimburses those employees for premiums they pay for health insurance (either through a qualified health plan in the Marketplace or outside the Marketplace)?

*Under IRS Notice 2013-54, such arrangements are described as "employer payment plans." An employer payment plan, as the term is used in this notice, generally does not include an arrangement under which an employee may have an after-tax amount applied toward health coverage or take that amount in cash compensation. As explained in Notice 2013-54, these employer payment plans are considered to be group health plans subject to the market reforms, including the prohibition on annual limits for essential health benefits and the requirement to provide certain preventive care without cost sharing. Notice 2013-54 clarifies that such arrangements cannot be integrated with individual policies to satisfy the market reforms. **Consequently, such an arrangement fails to satisfy the market reforms and may be subject to a \$100/day excise tax per applicable employee (which is \$36,500 per year, per employee) under section 4980D of the Internal Revenue Code. OUCH!***



8. **Group Insurance choices must be evaluated on a variety of factors** that help you and your employees and keep everyone happy:

- Is anyone currently treated for a critical illness? Do they utilize certain hospitals and MD's?
- Do you or your employees travel for work or pleasure and where?
- Do any employees work virtually out of area?
- Do your employees have children under age 26 that they currently cover on their insurance who live outside of Colorado?
- Are you open to an HMO only plan (young and cost conscious groups) or only want a PPO?
- If you have 5 or more employees you can offer a multi-option outside the exchange and you can do this with 2 employees inside the exchange.

9. **Creative ways to help your company save:**

- Offer a high deductible Bronze plan with HSA as one of your options and offer to pay for this least expensive option and allow employees to "buy up" to the Silver plan with lower deductible
- Offer supplemental insurance and a Section 125 plan for employee premiums. After your minimum 50% payment towards the employee's premium, the additional portion plus any dependent portion can be paid pre-tax by employees and they save money. You also save on FICA for any premiums for insurance they purchase pre-tax (lowering their salary) including accident, dental, cancer and other plans that may be eligible. Employees obtain valuable additional coverage they may not be able to purchase on their own with the convenience of payroll deduction.
- No money for contribution? We have one insurance company that does not require a contribution.

10. If employers have different classes of employees, like owners or salaried or hourly, can they contribute different amounts to each of these different types of employees? **NO!** This is considered discriminatory and not allowed inside or outside the exchange.

11. **Have Realistic Expectations About Enrolling Your Group:** **The time to get quotes and enroll is NOW!** Plan on enrolling 4-6 weeks in advance of your effective date for end of year enrollments. October through December is the busiest time with 70% of groups changing and renewing with the same amount of staff at insurance companies and their intermediaries. From the time your broker submits your case, **case scrubbing that normally takes one week could take two to three weeks** as your case gets submitted and sits in "cue" to be entered for submission to the insurance company and another one to two weeks before it's approved and assigned a group number. Before you submit the paperwork from your enrollment kit to your broker, pre-scrub your forms:

- Is every form from your enrollment kit both group and employee signed?
- Is every item filled out on the forms that pertains to coverage you are enrolling? Employee and dependent birthdates, social security numbers, address, phone number, etc
- If you are enrolling in HMO coverage, have all employees selected a primary care physician on their form

11. Why do you need an experienced broker who is certified to work with Connect For Health Colorado?

- a. You may or may not qualify for the exchange and to obtain a group quote and enroll you must use a broker
- b. **You WIN when you utilize the services of a broker.** Your broker will watch your group like a hawk to make sure it's all the electronic issues are monitored: that your account is synced with the insurance company and processed through underwriting, that your packets and ID cards get to you in a timely manner.
- c. Your broker conducts the enrollment meetings to explain the benefits to your employees
- d. **Utilizing the services of a broker is FREE.** The insurance company has built commissions into the individual and group coverage so the broker gets paid directly from the insurance company whether they help you with Connect For Health Colorado or coverage outside the marketplace/exchange. If you purchase individual coverage directly through a website it's a call center with someone you'll never speak to again and then you have limited help to track the progress of your application in underwriting and no help at renewal time. Connect For Health Colorado does not have the staff to handle group enrollments, processing and explaining benefits to your employees. You must be a licensed agent to do this.

Data required for a small group health insurance quote request:

[Quote Request/Employer Questionnaire](#)

[Employee Census Form](#)

*Please **DO NOT email these forms** to Stacey Thanks for understanding and keeping your employee data compliant. Please call or email and a HIPPA compliant drop box will be set up for you!*

If you have part time employees, please forward the “[2016 Open Enrollment Cheat Sheet](#)” to them.