

## Health Care Reform, 2014 Major Changes Coming for Small Group Plans

Clients and Friends:

October 2013

We are writing this special bulletin to give a “heads up” to our clients with fifty or fewer employees:

**Beginning in 2014, all small group medical plans will be changing. The plan you choose at your next renewal will be noticeably different than the plan that you now offer to your employees.**

Mostly, the changes described below are being driven by federal and state healthcare reform - principally the Affordable Care Act (“ACA” or “Obamacare”), but also by new Washington state laws designed to reshape the insurance market outside of the state’s new health insurance exchange (i.e., “Washington Healthplanfinder.”)

One thing we know for sure – you will not be able to keep the health plan that you have now. The current portfolios of plans will be replaced with ACA-compliant plans. They will have new product names. And there will be fewer plans from which to choose.

Here’s how it will look: When we get your plan renewal your carrier will offer you a plan that will be “most like” your current plan. But differences will be noticeable – here’s a list of the major items:

- All cost shares (i.e., deductibles, copays, coinsurance) will apply towards your out-of-pocket maximums.
- Most plans will have out-of-pocket maximums no greater than \$6,350/individual, \$12,700/family, and yearly benefit limits will be eliminated.
- Prescription drugs:
  - ◊ Formulary drugs will be subject to your deductible and a coinsurance schedule;
  - ◊ Generic drugs still available at flat copay with no deductible; and
  - ◊ Plans will have expanded formulary lists.
- All health plans must include the federally mandated Essential Health Benefits, including pediatric dental and vision for dependents up to age 19.
- Like the plans offered in the health insurance exchange, small group plans will be structured to conform to the bronze, silver, gold or platinum “metal levels” – which describe the overall actuarial values of the plans’ benefits
- Waiting period for new hires can be no longer than 90 calendar days.
- Information gathered for enrollment must include smoking status, and birthdays for all dependents
- Rates for employees will be age banded. Groups will receive statements showing rates for each employee. However, the employer plan contribution will be determined by a composite rate.

### Questions?

As you can see, we’ll have a lot to talk about when we receive your 2014 health plan renewal. Of course, you’ll be able to count on SIG for expert advice and we will stay in touch with you as your renewal nears. In the meantime, we are always happy to hear from you! Call your Account Manager directly, call the Benefits Helpline at 206.957.7066 or 800.946.7066, or send an email to [Questions@SIGinsures.com](mailto:Questions@SIGinsures.com).