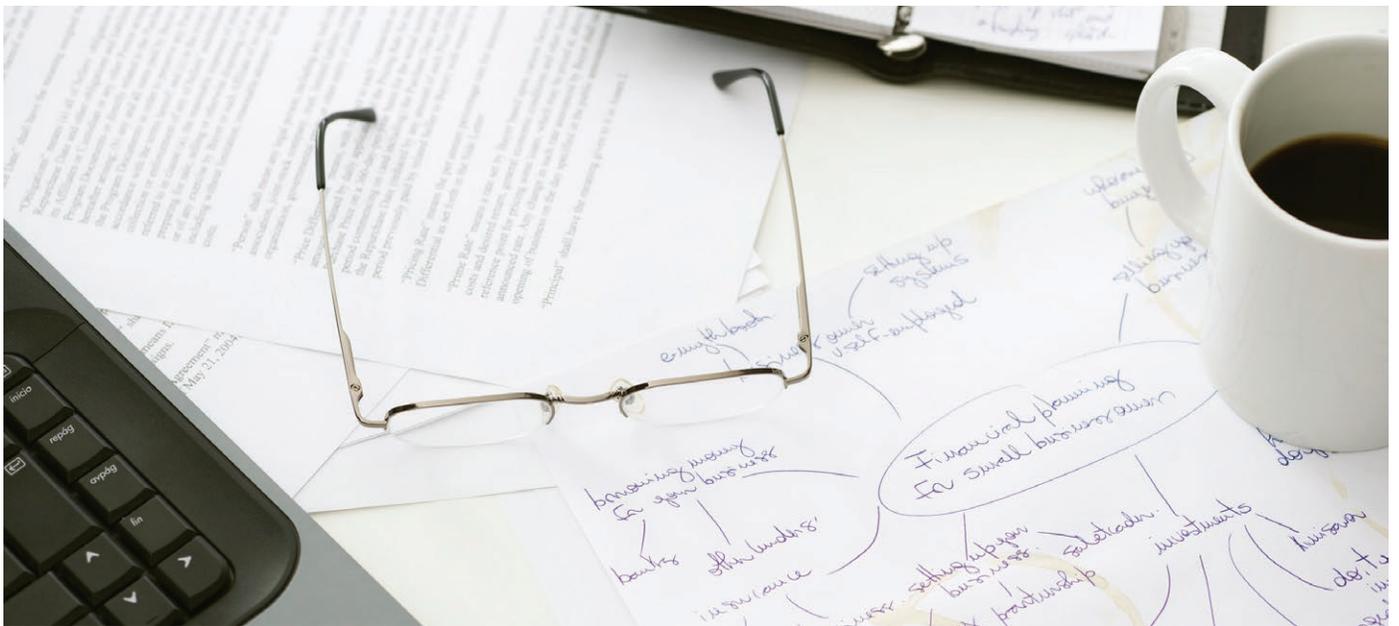


HEALTH INSURANCE MARKETPLACE **SURVIVAL GUIDE** **FOR SMALL BUSINESS**

New York edition





NAVIGATING NEXT STEPS IN HEALTH CARE REFORM

There's a constant stream of changes and updates related to health care reform, and it's easy to lose track of what it all means for your business. Wouldn't it be great to have a GPS guide with turn-by-turn directions for health care reform?

Every small business has a unique set of circumstances and challenges when it comes to health benefits, and on top of that, states may have health exchange implementation nuances that differ somewhat from the standard Affordable Care Act (ACA) provisions you hear about in the news every day.

Before making key decisions, you need a clear understanding of the choices and responsibilities relevant to you as a New York business. That's why it's important to keep up with new developments in New York's health insurance Marketplace in 2014 and beyond.

HEALTH CARE REFORM SNAPSHOT

The New York State of Health™ Marketplace including the **Small Business Marketplace** serves individuals and small businesses with 2 to 50 employees.

The next open enrollment period for coverage effective in January 2015 starts November 2, 2014 for small business and November 15, 2014 for individuals.

Health plans are available for purchase on the private market for New York individuals and businesses during open enrollment. (These "off-exchange" plans meet or exceed essential health benefits requirements.)

An individual mandate requires everyone (with few exceptions)¹ to purchase health insurance or pay a penalty.

There's no penalty for small businesses with fewer than 50 full-time employees that do not offer coverage to employees.

Transition relief for mid-size employers (50 to 99 full-time employees) in 2015 means there's no penalty for not offering affordable coverage in 2015. In 2016, Employer Shared Responsibility Provisions are set to take effect for applicable employers with 50+ employees.

Tax credits are available for small employers that meet certain requirements and provide coverage to employees in a qualified health plan offered through the Marketplace.

Navigators, In-Person Assistors, Certified Application Counselors and brokers can help individuals and small businesses use the Marketplace.

WHICH WAY TO GO?

Read on for a quick tour of:

- ➔ The new health insurance Marketplace model
 - New York State of Health™ Marketplace
 - Small Business Marketplace
 - Marketplace timeline
- ➔ What is a qualified health plan?
- ➔ Plan choice models for employers
- ➔ Tax incentives and penalties
- ➔ Questions and answers

NEW YORK STATE OF HEALTH™ MARKETPLACE

Health exchanges are regulated marketplaces where individuals and businesses can shop for health insurance plans. Some states have chosen to operate their own health exchanges, while others have a federally facilitated exchange in place or participate in a partnership exchange with the federal government. The New York State of Health™ Marketplace is a state-based Marketplace serving the health insurance needs of New Yorkers.

What is a small group? For the purposes of enrollment and health care reform applicability in 2014 and 2015, states can define small group as either up to 50 or up to 100 full-time employees. New York small groups are defined as 2 to 50 employees in 2014 and 2015. (Sole proprietorships are considered individuals for the purposes of eligibility.) In 2016 all businesses with 100 or fewer employees will be eligible to buy plans through the Marketplace. Full-time employees are defined as those working 30 or more hours per week.

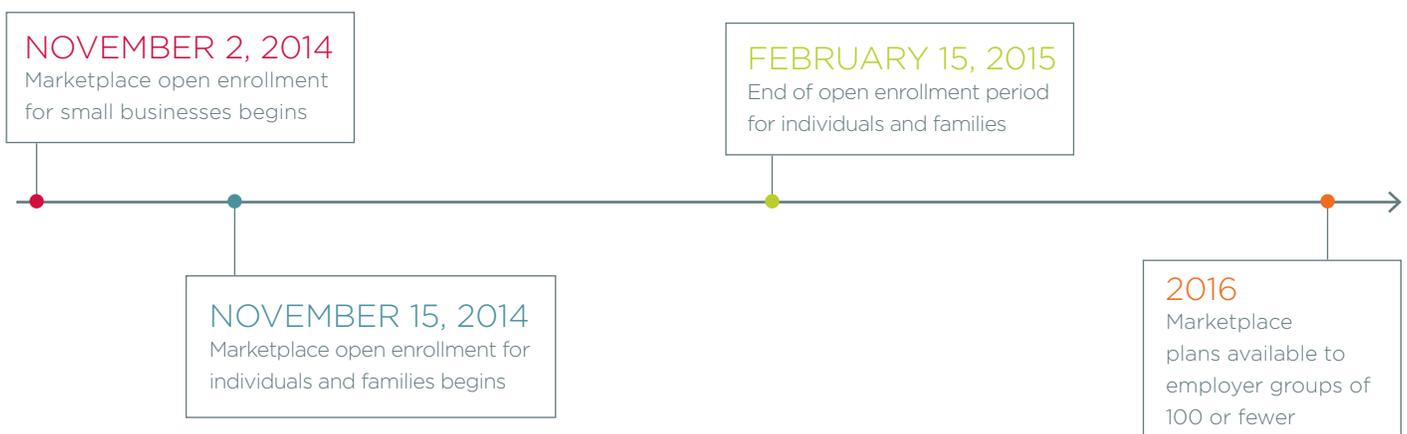
What is community rating? Federal guidelines provide for an adjusted community rating system for small group and individual plans, with premiums only varying by individual/family (number of persons covered), geographic area, age and tobacco use—not health status. New York will keep its current, more stringent pure community rating system which exceeds the federal guidelines (NY does not allow for rating differentials based on age and tobacco use).

What is the Small Business Marketplace? The Small Business Marketplace, also called the Small Business Health Options Program (SHOP), may help reduce rate volatility for small businesses by pooling together a larger base of insured participants. Through the Small Business Marketplace, employers have the opportunity to compare available health plans and select a single plan or range of options for employees to choose from. Employers decide how much to contribute toward employee plans based on: 1) a percentage of the premium of a “benchmark” plan the employer chooses; 2) a fixed percentage for all plans offered (e.g., 70 percent employer/30 percent employee); or 3) a fixed dollar amount/defined contribution, which employees can apply toward the plan of their choice.

SMALL BUSINESS MARKETPLACE

- New York’s Small Business Marketplace serves small businesses with 2 to 50 employees in 2014.
- In 2016, New York’s Small Business Marketplace will serve businesses with up to 100 employees. The ACA allows states to decide if they will open the exchange to groups of all sizes in 2017, and New York continues to evaluate this option.
- The Small Business Marketplace and individual Marketplace in New York are run separately (not pooled together).
- Sole proprietorships are eligible for the individual Marketplace in New York.

MARKETPLACE TIMELINE





WHAT IS A QUALIFIED HEALTH PLAN?

The ACA includes a number of patient protections designed to help Americans gain access to affordable health coverage, such as guaranteed issue, no pre-existing condition exclusions, no lifetime caps on coverage and other protections.

Other key benefits:

- **Dependent coverage**—All health plans that provide dependent coverage of children are required to extend coverage to children up to age 26. New York currently provides options for dependents to obtain or continue coverage on their parent's group policy until they turn 30.
- **Preventive care**—Health plans (non-grandfathered²) must cover preventive services and eliminate cost-sharing for preventive care provided by an in-network provider.
- **Women's health**—Health plans (non-grandfathered³) must cover certain women's health services with no cost-sharing.

Health plans sold through the health insurance Marketplace follow new coverage and benefit rules for insurers (often referenced as "Qualified Health Plans" in the ACA) starting in 2014. Insurers provide a minimum set of essential health benefits and follow established limits on cost-sharing. Plans are offered in a tiered format with metal levels (bronze, silver, gold and platinum) with several plans at each level to choose from. Insurers on the New York State of Health™ Marketplace must offer at least one standard plan at each metal level and up to three non-standard plans per level. Insurers must be certified to sell their products on the Marketplace.

Individual and small group plans sold directly from insurers must follow the same rules as plans sold on the Marketplace. Premiums for the same plan must be the same whether it is sold on the Marketplace or directly from an insurer.

Large group and self-insured plans do not have to meet the same requirements, but applicable large employers may face penalties in 2015 or 2016 if they do not offer affordable coverage to employees. The penalties imposed on large employers for not offering affordable coverage (called Employer Shared Responsibility Payments) will take effect in 2015/2016. Large employers with 100 or more full-time equivalent (FTE) employees must offer affordable health coverage to at least 70 percent of employees (in 2015) and at least 95 percent of employees (in 2016).³ For mid-size employers with 50 to 99 FTEs, the requirement to offer affordable coverage to 95 percent of employees—or pay a penalty—is set to take effect in 2016.³

Employers with **fewer than 50 employees** are not required by law to offer health insurance, contribute to employee coverage, or to offer coverage to dependents.

QUALIFIED HEALTH PLAN REQUIREMENTS

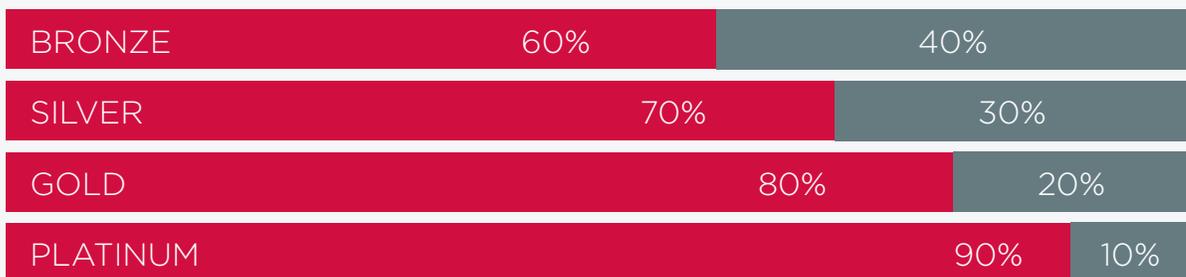
ESSENTIAL HEALTH BENEFITS

Health plan coverage must include:

- Ambulatory patient services
- Emergency room services
- Hospitalization
- Maternity and newborn care
- Mental health and substance use disorders
- Prescription drugs
- Rehabilitative and habilitative services and devices
- Laboratory services
- Preventive and wellness services and chronic disease management
- Pediatric services, including oral and vision care

METAL LEVELS

Plan tiers are based on metal levels that correspond to the percentage of costs covered—the actuarial value (AV) of the plan. Plans must cover at least 60 percent AV.



■ Employee out-of-pocket

DEDUCTIBLE/OUT-OF-POCKET MAX

\$ In 2014 the out-of-pocket (OOP) maximum for HDHPs with HSAs is the same as the out-of-pocket maximum set by the ACA for all plans. These limits will adjust for 2015.

- 2014 OOP max: \$6,350 for single and \$12,700 for family coverage
- 2015 OOP max for HSA-eligible HDHPs: \$6,450 for single and \$12,900 for family coverage
- 2015 OOP max for non-HDHP group health plans: \$6,600 for single and \$13,200 for family coverage

\$ There are no deductible caps for small group plans. A repeal provision removed the deductible limits established by the ACA for small groups, which were set at \$2,000 for self-only coverage and \$4,000 for family coverage.

PLAN CHOICE MODELS FOR EMPLOYERS

The New York State of Health™ Marketplace includes multiple options for plan selection for employer groups, allowing employers control over the options available in their plan and how much to contribute toward employee coverage. The following example shows four choice models.

EMPLOYER PLAN SELECTION MODELS

- Employer selects one or more metal levels
- Employer selects one insurer
- Employer chooses a single plan or plans
- Full employee choice of all plans

Metal Level	Insurer A	Insurer B	Insurer C
Platinum 90%	Plan 1	Plan 1	Plan 1
Gold 80%	Plan 2 or 3	Plan 2 or 3	Plan 2 or 3
Silver 70%	Plan 4, 5, 6 or 7	Plan 4, 5, 6 or 7	Plan 4, 5, 6 or 7
Bronze 60%	Plan 8, 9, 10 or 11	Plan 8, 9, 10 or 11	Plan 8, 9, 10 or 11

THE TIPPING POINT

New York small businesses may choose to continue purchasing small group coverage directly from qualified insurers offering “off-exchange” plans or they can make their purchase through the Small Business Marketplace. Employers with fewer than 50 employees may discontinue coverage with no penalty and send employees to the Marketplace for individual coverage.



TAX INCENTIVES AND PENALTIES

Provisions in health care reform law include financial incentives and tax penalties for individuals and businesses. These provisions may affect your business and/or your employees, so you should consider the potential outcomes with your tax or legal advisor.

	Incentive	Penalty
Individuals and families	<p>Premium assistance for individuals and families: Available for those who meet income requirements (139 to 400 percent Federal Poverty Level). Those who meet this income level requirement may obtain a tax credit that can be applied to any level exchange plan. Individuals with income at or below 138 percent Federal Poverty Level would be eligible for Medicaid coverage.</p> <p>Cost-sharing reduction: For those at or below 250 percent Federal Poverty Level, the ACA provides for reduced cost sharing to protect those at lower income levels from high costs at the point of service.</p>	<p>Individual mandate: The penalty for not having minimum coverage in 2014 is \$95 per adult and \$47.50 per child (up to \$285 for a family) or 1 percent of taxable income, whichever is greater.</p> <p>In 2015: \$325 per adult/\$162.50 per child (up to \$975/family) or 2 percent of family income.</p> <p>In 2016: \$695 per adult/\$347.50 per child (up to \$2,085/family) or 2.5 percent of family income. The penalty amounts will adjust annually in future years.</p>
Small employers	<p>Tax credits for small businesses: Eligible employers with fewer than 25 FTE employees may earn tax credits that cover up to 50 percent of premiums in 2014 (up to 35 percent for small tax-exempt employers) for up to two years—if they meet certain requirements and offer Marketplace coverage to employees.</p>	<p>For small employers with fewer than 50 employees, there are no penalties for not offering coverage to employees or their dependents.</p>
Large employers		<p>Employer Shared Responsibility Payment: Applicable large employers with 50+ FTE employees must offer minimum coverage that pays for at least 60 percent of the cost of covered benefits and meets affordability standards—or they may be subject to penalties (effective in 2015 or 2016).³</p>

SMALL BUSINESS TAX CREDIT ELIGIBILITY

Below are some basic eligibility guidelines for employers; see your tax advisor for more information.

- ✓ Fewer than 25 full-time equivalent employees (phases out between 10 and 25 workers).
- ✓ Average annual wages below \$50,000 (phases out between \$25,000 and \$50,000).
- ✓ Employer pays at least 50 percent of the premium for workers based on the single (not family) rate.

Note: For the purposes of determining eligibility for tax incentives and penalties, the basis for determining the relevant number of employees is based on full-time equivalent employees (FTE), which includes part-time employees in its calculation. This means that an employer that is considered a small group for the purposes of exchange participation based on the number of full-time employees working 30+ hours/week, may be subject to penalties (effective in 2016) if the employer has 50 or more FTEs using IRS calculations. Consult with your tax or legal advisor to assess your situation.



HEALTH INSURANCE MARKETPLACE Q & A

Here are some common questions small group employers have posed in regards to options for enrollment in the New York State of Health™ Marketplace:

Q. What help is available for understanding the options available through the Marketplace?

A. Navigators and In-Person Assistors (IPAs) will be trained by the state to provide enrollment assistance to employers and individuals who apply for health insurance through the Marketplace.

Q. How does the Marketplace handle enrollment assistance and employee support?

A. Employees will have access to a state-run customer service hotline staffed by trained professionals who can address their questions and concerns (such as understanding basic benefit offerings or addressing off-cycle enrollment).

Q. Do health plans sold on the Marketplace cost less than the same plans sold in the private market?

A. Marketplace plans that are also sold off the exchange are required to have the same level of benefits and premium costs as equivalent plans sold on the Marketplace. Plans offered exclusively “off-exchange” still have to meet or exceed state requirements for benefits; however, there could potentially be variations in benefits design that may result in prices that vary from what is found on the Marketplace. Note that individual subsidies are obtained only through the Marketplace.

Q. When does it make sense to discontinue coverage and send employees to the individual Marketplace?

A. This critical choice depends on company size, type of business, employee population (whether employees might qualify for tax subsidies), employer tax credits, cost of coverage, the value employees place on health benefits through work as well as other factors. Before discontinuing coverage, employers may also consider the impact of raising wages so employees can afford buying coverage on their own if they are unlikely to qualify for subsidies.

STAY INFORMED

- Communicate with employees. Decision-support tools and resources can help employees prepare for the choices they need to make.
- Collaborate with experts—your legal and financial advisors, broker or insurance plan representative. Contact MVP to schedule an informational Health Exchange briefing for you, your management team or your employees.
- Stay on top of health care reform news and updates. Sign up for MVP’s monthly e-newsletter Health Care Business Review at discovermvp.com/HCBR

Q. For those currently covered by COBRA continuation coverage, is there an option to drop COBRA and switch to a Marketplace plan?

A. COBRA participants can drop their COBRA coverage and move to an individual Marketplace plan during open enrollment (starting November 15, 2014). Or, when COBRA expires, they may choose to enroll in a Marketplace plan during a special enrollment period.

Q. What if employees can't afford to purchase the individual plans that are available through the Marketplace?

A. The Marketplace provides access to income-based premium assistance and cost-sharing credits for those who qualify and purchase individual coverage on the Marketplace. Catastrophic health plans are also available via the health benefit exchange for young adults under age 30 and those for whom coverage would otherwise be unaffordable.

Q. Can individuals enroll in Marketplace plans at any time during the year?

A. Individuals and families can enroll during the next open enrollment period that starts November 15, 2014, for plans effective in January 2015. If they experience changes with their family, income and certain other life circumstances, they may be able to enroll during a special enrollment period outside of open enrollment. New Yorkers who are eligible for Medicaid or Child Health Plus can enroll at any time throughout the year.

Q. Can my group enroll in a plan through the Marketplace at any time during 2014 (prior to our natural renewal anniversary date)?

A. Eligible small businesses can enroll at any time during 2014. For subsequent years, the open enrollment period will run for 30 days prior to your anniversary date.

State guidelines, requirements and rules may change or be refined over time—for the most current information, visit: NYStateofHealth.NY.gov

Contact your MVP representative or broker for a **consultation on new insurance requirements and options**. For more information, subscribe to the Health Care Business Review newsletter at discovermvp.com/HCBR

¹ Exceptions to the requirement to maintain the minimum essential coverage include: inability to pay for coverage that is more than 8 percent of household income; income that is below the tax filing threshold; religious reasons; not present in the United States; incarceration; possession of a hardship waiver; lack of coverage for less than three months out of the year.

² Special "grandfathered" group plan status, with fewer reform requirements, is an option for small businesses with plans in place before March 23, 2010, that wish to keep their current plans.

³ For determining the Employer Shared Responsibility Payment effective in 2015 and 2016, FTEs are counted as full-time employees who work an average of 30 or more hours/week or an equivalent combination of full-time and part-time employees. Employer Shared Responsibility Payments will take effect in 2015 and 2016 for applicable large employers. Source: U.S. Treasury Department Final Regulations Implementing Employer Shared Responsibility Under the Affordable Care Act for 2015, <http://www.treasury.gov/press-center/pressreleases/Documents/Fact%20Sheet%20021014.pdf>



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