



Let's Talk SHOP

Health Insurance Options for Small Businesses

Insurance Division

June 6, 2014

Questions

Submit your questions throughout the presentation using **#talkSHOPHI**



Insurance Commissioner Gordon Ito





Let's Talk SHOP

Health Insurance Options for Small Businesses

Health Insurance Mandates

- Individual (ACA)
- Employer (PHCA)

Reason for Mandate

- Increase coverage
- Reduce adverse selection
- Lower premiums



Prepaid

- Passed 40 years ago in 1974
- **Guarantee** issue of coverage
- Employer mandate
 - **20 hours** or more per week
 - Monthly wage of at least **86.67** times Hawaii's minimum hourly wage
 - **Exemptions** for employees covered by Federally established health insurance, those covered as dependents, recipients of government medical assistance.
 - **Employee's contribution** cannot exceed 1.5% of employee's monthly wages
- Prevalent plans – 7a & 7b
 - Benefits must meet Prevalent plan standards
 - Does not contain all of ACA's 10 EHB
 - Prescription drugs, pediatric dental and vision and habilitative services not included

ACA

- **Guarantee** issue of coverage
- ACA has no small business purchase mandate, PHCA controls
- Metal level plans – **Platinum, Gold, Silver, and Bronze**
 - Does not apply to small business employees subject to PCHA, only individuals and non-PCHA
- ACA 2014 Individual & Small Group Plans
 - **10 Essential Health Benefits (EHB)** and the Benchmark Plan
 - Prescription drugs, pediatric dental and vision and habilitative services
 - Maximum Out of Pocket Expenses (**MOOP**)
 - Premium and cost sharing subsidies



Dual Rules Environment

- Employees that are eligible for coverage under the Prepaid Health Care Act (PHCA) must have the option of a **7(a) or 7(b) plan**, no metal levels as set forth under ACA
- Employees that do not qualify for coverage under PHCA can be offered coverage that conforms to a metal level under the Affordable Care Act.

Transitional Plans “grandmother”

- Small businesses with coverage in effect on October 1, 2013, may renew their coverage through 2016.
- PHCA controls when coverage of an employee has to occur – 20 hours or more
- Once an employer changes to an ACA plan or switches insurers, they are not able to go back to their old “transitional” plan
- Cannot purchase a transitional plan from another insurer, only an ACA plan

Transitional vs. ACA Plans

“Transitional” Plans

- Loss rating
 - Rates go up or down depending on medical loss experience of your company
- Coverage up to Prevalent Plan standards
- 2014 and 2015, not eligible for tax credits

ACA Plans

- Rating factors -Age tobacco use, family
 - No loss experience
- Coverage of all 10 Essential Health Benefits (EHB)
 - Compliance with Prevalent plan
 - Plus - Prescription drugs, pediatric dental and vision and habilitative services
- Eligible for tax credits if purchase through SHOP

2014 ACA Small Group Rates

| Hawaii Health Plans | | | | | | | | | | | | | | |
|-----------------------------------|---|---------------|-------------|--------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| 2014 ACA Plan Premium Comparisons | | | | | | | | | | | | | | |
| Non-Smoker Small Group Rates | | | | | | | | | | | | | | |
| Small Group Plans (1) | | DLIR Level | Metal Level | Under Age 21 | Age 21 | Age 25 | Age 30 | Age 35 | Age 40 | Age 45 | Age 50 | Age 55 | Age 60 | Age 64 |
| Kaiser | KP Platinum - Plus - \$20 | 7a | Platinum | \$157.43 | \$247.92 | \$248.91 | \$281.39 | \$302.96 | \$316.84 | \$358.00 | \$442.79 | \$552.86 | \$672.85 | \$743.76 |
| Kaiser | KP Platinum - Be Fit/Plus - \$20 | 7a | Platinum | \$158.63 | \$249.81 | \$250.81 | \$283.53 | \$305.27 | \$319.26 | \$360.73 | \$446.16 | \$557.08 | \$677.98 | \$749.43 |
| Kaiser | KP Platinum I - \$15 | 7a | Platinum | \$160.92 | \$253.42 | \$254.43 | \$287.63 | \$309.68 | \$323.87 | \$365.94 | \$452.61 | \$565.13 | \$687.78 | \$760.26 |
| Kaiser | KP Platinum I - Be Fit - \$15 | 7a | Platinum | \$162.12 | \$255.31 | \$256.33 | \$289.78 | \$311.99 | \$326.29 | \$368.67 | \$455.98 | \$569.34 | \$692.91 | \$765.93 |
| HMSA | Small Business Preferred Provider Plan A | 7a | Platinum | \$166.58 | \$262.33 | \$263.38 | \$297.74 | \$320.57 | \$335.26 | \$378.80 | \$468.52 | \$585.00 | \$711.96 | \$786.99 |
| Kaiser | KP Platinum - Plus/Dental - \$20 (3) | 7a | Platinum | \$172.44 | \$271.56 | \$272.65 | \$308.22 | \$331.85 | \$347.05 | \$392.13 | \$485.01 | \$605.58 | \$737.01 | \$814.68 |
| Kaiser | KP Platinum - Be Fit/Plus/Dental - \$20 (3) | 7a | Platinum | \$173.64 | \$273.45 | \$274.54 | \$310.37 | \$334.16 | \$349.47 | \$394.86 | \$488.38 | \$609.79 | \$742.14 | \$820.35 |
| HMSA | Small Business CompMED A | 7a | Platinum | \$175.11 | \$275.76 | \$276.86 | \$312.99 | \$336.98 | \$352.42 | \$398.20 | \$492.51 | \$614.94 | \$748.41 | \$827.28 |
| HMSA | Small Business Health Plan Hawaii B | 7b | Platinum | \$181.85 | \$286.38 | \$287.53 | \$325.04 | \$349.96 | \$365.99 | \$413.53 | \$511.47 | \$638.63 | \$777.24 | \$859.14 |
| HMSA | Small Business Health Plan Hawaii A | 7a | Platinum | \$182.82 | \$287.90 | \$289.05 | \$326.77 | \$351.81 | \$367.94 | \$415.73 | \$514.19 | \$642.02 | \$781.36 | \$863.70 |
| Kaiser | KP Gold - \$20 | 7b | Gold | \$138.06 | \$217.42 | \$218.29 | \$246.77 | \$265.69 | \$277.86 | \$313.95 | \$388.31 | \$484.85 | \$590.08 | \$652.26 |
| Kaiser | KP Gold - Be Fit - \$20 | 7b | Gold | \$139.26 | \$219.31 | \$220.19 | \$248.92 | \$268.00 | \$280.28 | \$316.68 | \$391.69 | \$489.06 | \$595.21 | \$657.93 |
| Kaiser | KP Gold - \$12 | 7b | Gold | \$139.64 | \$219.90 | \$220.78 | \$249.59 | \$268.72 | \$281.03 | \$317.54 | \$392.74 | \$490.38 | \$596.81 | \$659.70 |
| Kaiser | KP Gold - Be Fit - \$12 | 7b | Gold | \$140.84 | \$221.79 | \$222.68 | \$251.73 | \$271.03 | \$283.45 | \$320.26 | \$396.12 | \$494.59 | \$601.94 | \$665.37 |
| Kaiser | KP Gold - Plus - \$15 | 7a | Gold | \$144.15 | \$227.00 | \$227.91 | \$257.65 | \$277.39 | \$290.11 | \$327.79 | \$405.42 | \$506.21 | \$616.08 | \$681.00 |
| Kaiser | KP Gold - Be Fit/Plus - \$15 | 7a | Gold | \$145.35 | \$228.89 | \$229.81 | \$259.79 | \$279.70 | \$292.52 | \$330.52 | \$408.80 | \$510.42 | \$621.21 | \$686.67 |
| HMSA | Small Business Preferred Provider Plan B | 7b | Gold | \$152.53 | \$240.20 | \$241.16 | \$272.63 | \$293.52 | \$306.98 | \$346.85 | \$429.00 | \$535.65 | \$651.90 | \$720.60 |
| HMSA | Small Business CompMED B | 7b | Gold | \$163.16 | \$256.95 | \$257.98 | \$291.64 | \$313.99 | \$328.38 | \$371.04 | \$458.91 | \$573.00 | \$697.36 | \$770.85 |
| Kaiser | KP Silver - \$30 | Not DLIR Plan | Silver | \$120.96 | \$190.49 | \$191.25 | \$216.21 | \$232.78 | \$243.45 | \$275.07 | \$340.22 | \$424.79 | \$516.99 | \$571.47 |
| Kaiser | KP Silver - Be Fit - \$30 | Not DLIR Plan | Silver | \$122.16 | \$192.38 | \$193.15 | \$218.35 | \$235.09 | \$245.86 | \$277.80 | \$343.59 | \$429.01 | \$522.12 | \$577.14 |
| HMSA | Small Business Silver PPO (2) | Not DLIR Plan | Silver | \$132.16 | \$208.13 | \$208.96 | \$236.23 | \$254.33 | \$265.99 | \$300.54 | \$371.72 | \$464.13 | \$564.86 | \$624.39 |

Notes:

- (1) Before any small group tax credits
- (2) Includes Children's Dental; all other HMSA plans exclude Children's Dental
- (3) Includes Dental; all other Kaiser plans exclude Dental

cca.hawaii.gov/ins/health-insurance-premium-comparison



Best of Both Worlds

- Hawaii's small businesses have the greatest selection of choices:
 - Transitional (Grandmother) Plans
 - 2014 ACA Plans
 - Grandfather Plans

SHOP

- Small Business Health Insurance Options Program For 2014 and 2015, employers with 50 or fewer employees new options for purchasing coverage through SHOP
- Coverage purchased through the Hawaii Health Connector
- Eligible for tax credits to offset up to 50% of their premium costs
- Employee choice





Tax Credits

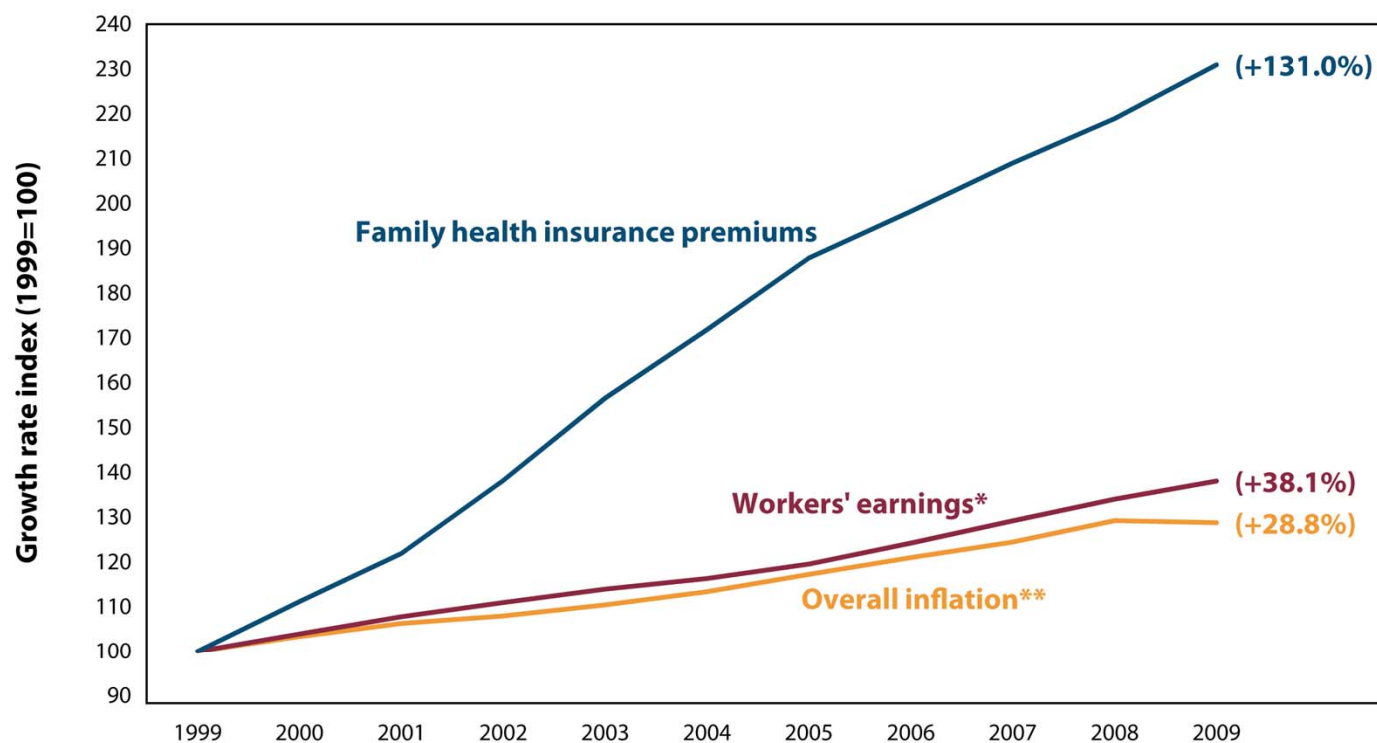
- **For Private, For-profit Small Employers**
 - From 2010-2013, private, for-profit Small Employers may be eligible for a tax credit up to 35% of premiums. Even if you have not filed for the tax credits for 2010, 2011 or 2012, you may be able to file retroactively.
 - From 2014, private, for-profit Small Employers may be eligible for a tax credit that goes up to 50% for up to 2 years.
- **For Tax Exempt Small Employers**
 - From 2010-2013, tax exempt Small Employers may be eligible for a maximum tax credit of up to 25%
 - From 2014, tax exempt Small Employers may be eligible for a maximum tax credit of up to 35%.

Why Healthcare Reform?



Growth of health insurance premiums far outpaces workers' earnings and overall inflation

Growth rate index of family health insurance premiums,
workers' earnings, and overall inflation, 1999-2009



* Workers' earnings as measured by average hourly earnings for private sector production workers.

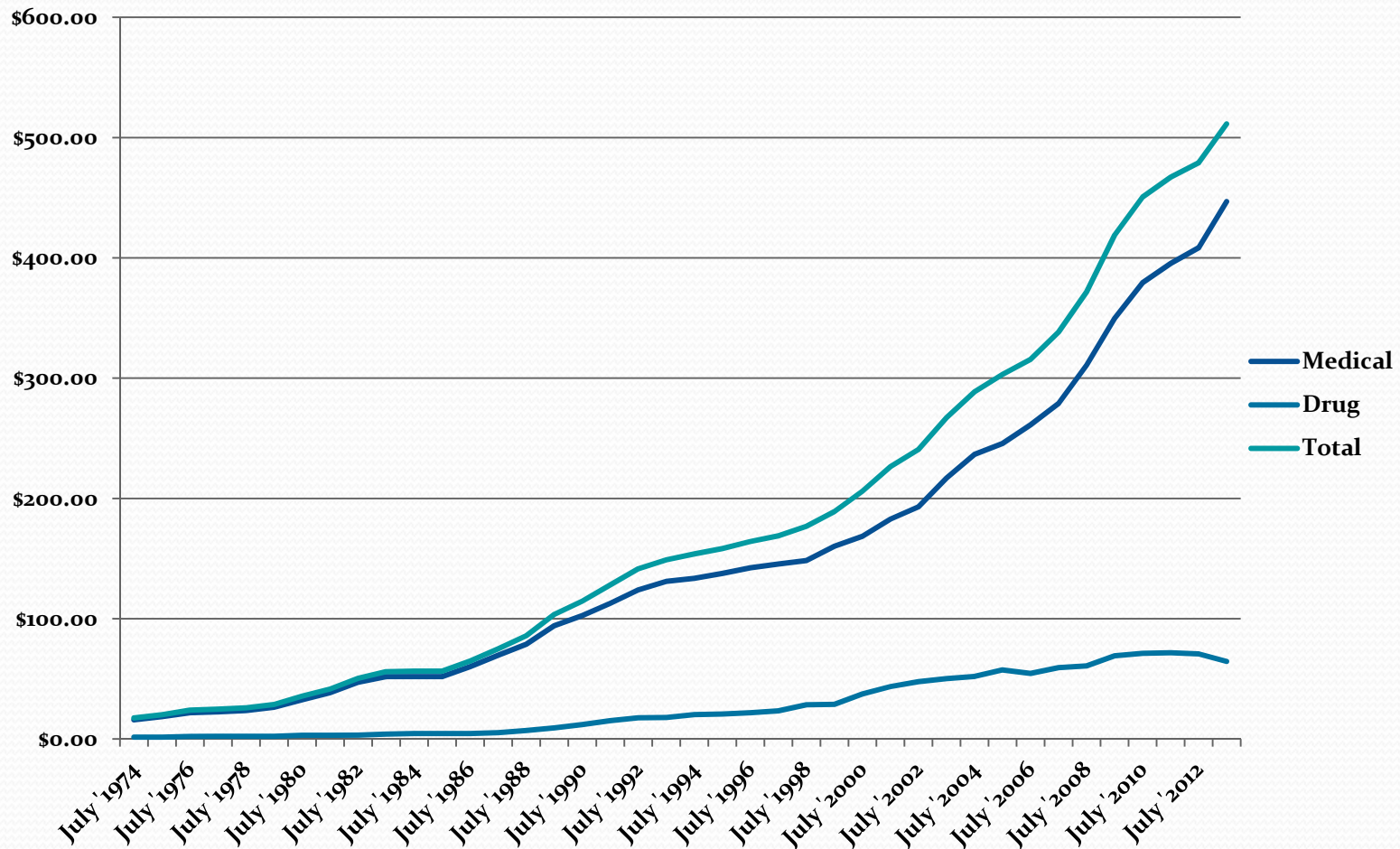
** Overall inflation as measured by the Consumer Price Index for All Urban Consumers (CPI-U).

Source: EPI analysis of Kaiser Family Foundation and Bureau of Labor Statistics data.

Escalating Costs

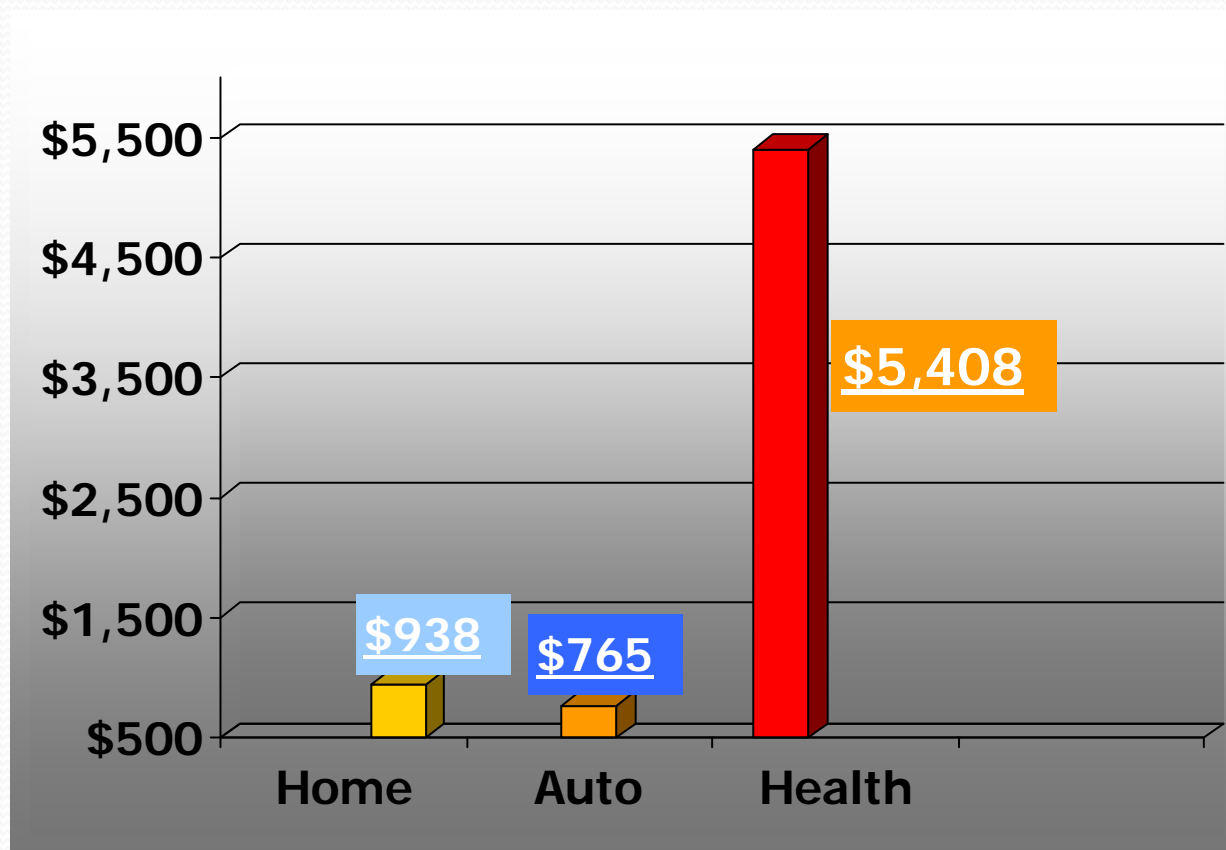
- Prepaid Healthcare Law passed in 1974
 - Goals – Reduce uninsured population, cover major medical to avoid financial hardship, cover preventive care, control healthcare cost increases
 - In 1975, average wage in the private sector was \$8,300, medical & drug premium was **\$17.50** per month (\$210 per year), 2.5% of wages
 - 1995 - Average wage in Hawaii was \$26,982, medical & drug premium was \$158.36 per month (\$1,900 per year); 7.04% of wages
 - 2008 - Average wage in Hawaii was \$40,687, medical & drug premium was \$371.70 per month (\$4,460 per year); 10.96% of wages
 - 2012 – Average wage in Hawaii in 2012 was \$44,024, medical & drug was **\$479.18** per month (\$5,750 per year); 13.06% of wages

Small Business Rates – 1974 to 2013



- Average medical and drug premiums have risen steadily due to increases in the cost of care.
- In 1974, medical and drug premiums totaled \$17.50. As of 2013 the cost of medical and drug premiums have increased to \$511.28.

Hawaii Average Premium Costs - 2010





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