Minnesota Small Employer Health Benefit Act (62L) & Small Group Health Insurance Market Working Group

(Chapter 370, Laws 2010)
Small Employer Definition

- Current MN Small Employer Definition (62L.02, Subd. 26)
  - Actively Engaged in Business
  - Employed average of 2-50 employees during prior year
  - Employs at least 2 employees on the first day of the plan year.
  - Small employer status determined annually on renewal.
Small Employer - Guarantee Issue

- Small Employer coverage guaranteed issue if the employer (62L.03)
  - Contributes at least 50% toward the cost of coverage, and
  - 75% of eligible employees who have not waived coverage participate on the plan.
Small Employer Coverage

• Restrictions Relating to Premium Rates (62L.08)
  • Total Adjustments limited to 25% above or below index rate for the following underwriting factors:
    – Health Status
    – Claims Experience
    – Industry of Employer
    – Duration of Coverage from Date of Issue
  • Additional adjustment allowed up to 50% above or below index rate based on Age
Small Employer Coverage

- Restrictions Relating to Premium Rates (62L.08)
  - Geographic variations permitted if each geographic region composed of no fewer than 7 counties
  - Gender based rating prohibited
  - Index Rates filed & approved by Department of Commerce
Small Employer Coverage

• Restrictions Relating to Premium Rates (62L.08)
  • Renewal Rates Limited to
    – % Change in Index Rate **PLUS**
    – Up to 15% adjustment due to claims experience, health status, and duration of coverage **PLUS**
    – Adjustment for change in coverage or change in case characteristics of the Employer
Small Group Health Insurance Market Working Group reported on:

• Implementation Options in Expanding the Small Group Definition to 100 Employees
• Underwriting Concerns and Rating Requirements
• Implications of Size Change on Entire Market
• Costs for Employers, Brokers and Health Plans
• Migrating from Fully-Insured to Self-Insured
• Uniform Application Form
• Section 125 Plans
• Impacts of Federal Law
Questions?

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