

Subject: HHS Plans to Delay Key Aspect of Exchanges

Date: April 8, 2013

Starting in 2014, small employers with up to 100 employees will be eligible to purchase health insurance through a new small-business insurance marketplace or exchange (some states may limit participation in the exchanges to businesses with up to 50 employees until 2016). Beginning in 2017, states may allow businesses with more than 100 employees to participate in the exchanges. Under the Patient Protection and Affordable Care Act, the exchanges would allow employees of small business employers to select from a variety of plans from several insurance carriers.

Under the final rule issued by Health and Human Services (HHS) over a year ago on March 27, 2012, the exchanges were required to allow employers to offer employees all qualified health plans (QHPs) at a level of coverage chosen by the employer-bronze, silver, gold or platinum, which is referred to as the employee choice model. On March 11, 2013, HHS issued a **proposed rule** (see *CBIZ Health Reform Bulletin* [Marketplace/Exchange Options for Small Businesses](#), March 12, 2013) that would amend some of the standards for exchanges. Most notably, the proposed rule creates a transition policy regarding an employee's choice of QHPs in the exchange. **The transition policy would delay implementation of the employee choice model as a requirement for all federally run exchanges for one year, until 2015.** The delay in this requirement is intended to give all exchanges, state or federal, more time to prepare for the employee choice model. **States that have built their own exchanges may decide to offer the employee choice model if prepared.**

For the 2014 plan year, the federally run exchanges will assist employers in choosing a **single** QHP to offer their qualified employees. According to HHS, the transition policy would increase the stability of the small group market while providing small groups with the benefits of the exchange in 2014 (for example, choice among competing QHPs and access for qualifying small employers to the small business health insurance tax credit).

The 2012 final rule also included a premium aggregation function for the exchanges that was designed to assist employers whose employees were enrolled in multiple QHPs. Because this function will not be necessary in 2014 for exchanges that delay implementation of the employee choice model, the proposed rule would make the premium aggregation function optional for plan years beginning before Jan. 1, 2015.

CBIZ Benefits & Insurance Services will continue to monitor health care reform developments and will provide updated information as it becomes available. We will continue to evaluate all options available to you in or outside the exchange environment to offer legislative compliant and cost effective options. We are monitoring all state exchange activity and will be prepared to review those options if available.

CBIZ Health Reform Alert

CBIZ is the only professional services organization that can provide **integrated** health care reform solutions, delivered by a **team of experts** in the areas of **benefit, tax, payroll and compensation**. **Please contact us if you have any questions regarding the impact of health care reform on your business.**

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