

SPECIAL GROUP OPEN ENROLLMENT PERIOD FOR SMALL EMPLOYERS THAT FAIL PARTICIPATION

BY ED GAELICK CLU, CHFC

Under the Affordable Care Act (ACA), more commonly known as Obamacare, employers with under 50 full time equivalent employees do not face a penalty for not offering health coverage. That being said, it is important to many of these businesses to offer affordable and quality coverage to their employees.

A small employer health plan may be purchased at any time throughout the year. However, many state laws allow health insurers to refuse coverage to groups who do not meet certain employee participation and/or employer contribution requirements which can present challenges in establishing or maintaining a plan.

It is common for business owners to pass along some of the premium cost to their employees. In doing so, this may cause someone to decline coverage. Consequently, a group may not meet the minimum participation. In addition, some employers may not be able to make the minimum contribution requirement. Specific participation and contribution percentages vary by state and carrier.

So what can an employer do? It is extremely important to know your state's guidelines.

Who is considered a full time employee? The ACA defines them for the exchange or "marketplace" as an employee who works an average of at least 30 hours per week. If an employer obtains an off-exchange plan, it may be different. In New Jersey the hourly requirement is reduced to 25 and in New York it is just 20.

An employee who declines to enroll, but is insured elsewhere may not count against participation. Common valid waivers include coverage through a spouse or Medicare. The following scenario could be considered 80 percent participation.

5 full time employees
2 covered under the group health plan
1 covered under their spouse
1 covered under Medicare
1 not covered, subject to federal penalty (counts AGAINST participation)

In the past, a company would not even be allowed to provide an option for those employees that do need the insurance if both requirements were not satisfied. But now a little known provision under the ACA mandates health insurance carriers to allow small group employers the opportunity to purchase a policy once a year even if they do not meet the minimum participation and/or employer contribution requirements.

This 30 day special Open Enrollment Period occurs from November 15th to December 15th. During this time, employers that meet the definition of a small employer but do not meet the minimum participation and/or contribution requirements will be accepted for a small employer plan. The effective date will be January 1st of the year immediately following the Employer Open Enrollment Period.

Navigating all of the various insurance rules and regulations by yourself can be overwhelming.

There are state and federal guidelines to consider as well as how the health insurers' are interpreting and implementing these guidelines. It is important to work with a professional you trust who present all of your options and recommend the best alternative for your specific situation.

In 1985, Ed Gaelick established PSI Consultants, LLC where he specializes in company sponsored employee benefits, business planning and personal insurance. Throughout his career, Ed has received many of the highest professional honors awarded in the insurance industry. His dedication, integrity and fortitude have earned him great respect from his clients, staff and peers.

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