



Small Group Market Size in Colorado:

Response to COHBE Board Questions and Public Comment

April 18, 2012

Q. What are the opinions from business groups in the state that fall into this small group category and what are the opinions held by businesses in the next tier (51-100 people) about changing the small group market size at this time?

The Small Employer Workgroup that was composed of a wide range of stakeholders representing perspectives from small business owners, brokers, state departments and the Office of Economic Development & International Trade, nonprofits, the Colorado Association of Commerce & Industry, Mountain States Employers Council, the National Federation of Independent Businesses, health plans, state representatives and the South Metro Chamber made a recommendation to the board to not change the size of the small group market until 2016. This would limit disruptions to the small group market while the Exchange is implemented.

Dan Anglin from Rocky Mountain Employers Health Alliance (RMEHA) will share results from a survey his organization conducted with employers across Colorado to inform this question at the board meeting.

Q. What have other states and groups decided to do about this question?

Based on preliminary research, the following groups and states have made public opinions about moving the small group size limit to 100 before 2016:

	Move Small Group Size Limit to 100 before 2016?	Rationale/Recommendation
National Association of Health Underwriters	(No)	<p>“NAHU recommends against states allowing larger employer groups to utilize the exchange as a purchasing mechanism. Current state-based exchange models in Utah and Massachusetts are only providing coverage options to the small-employer market; while both exchanges are still in their infancy, both have struggled to attract group participation. While it seems logical that adding larger groups would increase the numbers of pool participants, in reality these groups would have a negative impact on the pool due to the nature of those likely to apply for coverage.”</p> <p>Source: National Association of Health Underwriters, Policy Recommendations for Establishing a Health Insurance Exchange, September 2010</p>

Colorado Association of Commerce and Industry	No	<p>The small group definition should be limited to less than 50 employees for the first two years before meeting the federal definition of small group of two to one hundred.</p> <p>Source: Stakeholder Perspectives: Health Insurance Exchange Governance and Structure, State of Colorado, December 2010</p>
Denver Metro Chamber of Commerce	No	<p>The SHOP Exchange should begin with small groups – defined as less than 50 employees.</p> <p>Source: Stakeholder Perspectives: Health Insurance Exchange Governance and Structure, State of Colorado, December 2010</p>
Colorado Association of Health Plans	No	<p>Colorado should exercise its option through 2016 to maintain the current state definition that small employers have less than 50 employees.</p> <p>Source: Stakeholder Perspectives: Health Insurance Exchange Governance and Structure, State of Colorado, December 2010</p>
Colorado Group Insurance Association	No	<p>CGIA believes one entity should maintain authority over one combined exchanged that includes separate risk pools for the individual and small group (50 and under lives) markets.</p> <p>Source: Stakeholder Perspectives: Health Insurance Exchange Governance and Structure, State of Colorado, December 2010</p>
Rocky Mountain Health Plans	No	<p>Consistent with a phased in approach, Colorado should consider exercising the option under PPACA to define a small employer as 1 to 50 for plan years before 2017.</p> <p>Source: Stakeholder Perspectives: Health Insurance Exchange Governance and Structure, State of Colorado, December 2010</p>
Maryland	No	<p>“ A major risk is that changing the definition of the small group market inside the Exchange would also change the definition outside the Exchange, creating a major impact on the existing market.</p> <p>Additionally, since large groups are underwritten and more likely to self-insure, merging the market would potentially raise premiums. Making this change in 2014 would create additional uncertainty during a time when the market is undergoing significant changes. We found that the risks exceeded the benefits. The advisory committee report indicated consensus on retaining the current small group market definition in 2014.”</p> <p>Source: Maryland Health Benefit Exchange, Recommendations for a Successful Maryland Health Benefit Exchange, A Report to the Governor and Maryland General Assembly, December 2011</p>

Rhode Island	No	<p>“The task force agreed at this time there was no compelling reason for merging in the larger groups (51-100) at this time but would reconsider this action should broader reforms be considered in Rhode Island. This would appear to be consistent with the longer-term direction but have no immediate benefit – that is, it would not impact premiums, the number of uninsured, nor rate volatility or trend in the short term.”</p> <p>Source: Rhode Island Office of the Health Insurance Commissioner, Market Merger Task Force, Summary of Recommendations, February 2008</p>
California (Institute for Health Policy Solutions)	No	<p>“ It would seem prudent for California to take specific action to maintain its small employer threshold at 50 workers until 2016. Otherwise, the viability of the SHOP Exchange, and of the small-employer market more generally, could be threatened.”</p> <p>Source: Institute for Health Policy Solutions, Small-Employer (“SHOP”) Exchange Issues, May 2011</p>
Illinois	No	<p>Recommend that Illinois should not include employers with more than 50 employees in the Exchange before ACA requires in 2016.</p> <p>Source: Illinois Health Benefits Exchange, Legislative Study Committee, Illinois Exchange Needs Assessment Final Report and Findings, September 2011</p>