

COMMERCIAL INSURANCE

EMPLOYEE BENEFITS

PERSONAL INSURANCE

RISK MANAGEMENT

SURETY



PARKER | SMITH | FEEK

## Q&A FROM ASSUREX GLOBAL WEBINAR

JULY 26, 2018

### NEW ASSOCIATION HEALTH PLAN REGULATIONS

- Q.** Can you define the parameters that determine what a small group is for group insurance purposes?
- A.** Most states define the small group market as an employer "that employed an average of at least one but not more than 50 employees on business days during the preceding calendar year". However, some states set the threshold at 100 employees. Currently, CA, CN, CO, MD, NY, and VT use 100 employees.
- Q.** Can fully insured AHPs state shop?
- A.** A fully-insured AHP will principally be subject to the state insurance laws that exist where the group contract is issued. It may be possible for an organization setting up an industry based national AHP to choose to organize in a state with favorable state insurance laws.
- Q.** Could an AHP be established in one state that gives access to businesses with commonalities in another state (i.e. California based AHP that allows other businesses with commonality of interest in Illinois).
- A.** An AHP that is organized based on industry will be able to offer coverage to businesses that qualify which are located in other states.
- Q.** Remind me what the 80% MLR means.
- A.** Under the Affordable Care Act (ACA), health insurers are required to disclose the percentage of medical plan premiums spent on paying claims and health quality improvement initiatives versus the portion spent on administration, marketing, and insurance company profit. Under the Medical Loss Ratio (MLR) rules, insurers in the large group market must achieve a loss ratio of at least 85%, while insurers in the individual and small group markets must achieve a loss ratio of at least 80%.
- Q.** Just want to be sure for Self Funded plans if they have re-insurance do they then have to comply with fully insured product guidelines?
- A.** Single employer self-insured plans offered by an employer who is subject to ERISA generally do not need to comply with state insurance laws even if they plan carriers stop-loss coverage. However, Congress amended ERISA to allow states to regulate self-insured Multiple Employer Welfare Arrangements (MEWAs)

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