



Updates Regarding the NJ Small Employer Health Benefits Program

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The New Jersey Small Employer Health Board recently met and re-adopted the NJ small group regulations (which sunset every 7 years), with certain changes and/or clarifications. These regulations will be effective for new and renewal business as of January 1, 2017. Briefly, the re-adopted regulations:

- Remove the state definition of a small employer and require use of the federal small employer definition.
- Clarify that an employer must have at least one common law employee enrolled to qualify as a group.
- Clarify that a C corporation owner is not a common law employee.

Below you will find additional information about the significant changes and clarifications in the regulations.

■ Small Employer Defined

The “A” definition (the state definition) of a small employer has been eliminated. Beginning January 1, 2017, we will only see the federal definition which was the “B” definition. Under the federal definition, a small employer means, in connection with a group health plan with respect to a calendar year and

a plan year, an employer who employed an average of at least 1 but not more than 50 employees on business days during the preceding calendar year and who employs at least 1 employee on the first day of the plan year. As a result of using the “B” definition, part-time employees will be included in the count for defining the group as small or large, which may result in some small groups now being considered to be large groups.

A new annual certification form will be issued taking into account the new definition. Insurance carriers are required to resend the new approved NJ annual certification form to everyone that may have received the old form. In the event an employer already completed the old certification form for a January or February renewal and utilized the “A” definition of small employer, they must complete the new certification form which only allows the federal definition.

Insurance carriers will be given until April 1, 2017 to provide new policy forms with all the new re-adoption changes for all new and renewal business. In the interim, the carriers are allowed to issue a Compliance and Variability Rider to new policyholders.

The employer application has also been updated as follows:

- Question 14 (Waiting period) may have been changed by some of the carriers. They may now include check boxes (Ex .The 1st or 15th of the month following the waiting period of 0 Days 30 Days 60 Days exactly 90 Days). They might separate New or Rehire Employees.
- Question 16 – What percentage of the total premium will the employer pay?

The final NJ annual certification forms and employer application are posted at:

www.state.nj.us/dobi/division_insurance/ihcseh/index.html

■ Who is an Employee?

For purposes of small employers in New Jersey, “employee” means a common law employee of the policyholder. An individual and his or her legal spouse when the business is owned by the individual or by the individual and his or her legal spouse, partners in a partnership, two percent shareholders in a Subchapter S corporation, sole proprietors and independent contractors are not employees of the Policyholder.

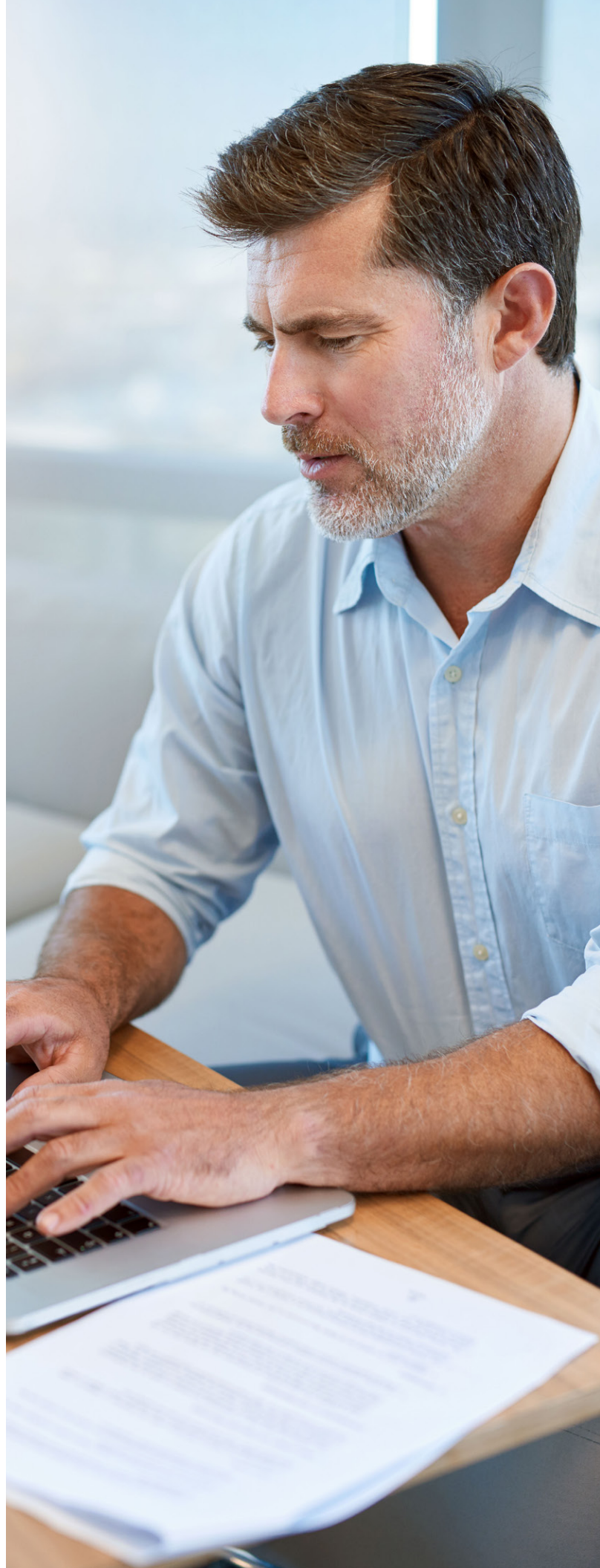
An employer must have one common law employee covered to have a Small Employer plan.

■ Other Changes

Small Group – out of network reimbursements

The PHCS database is used for out of network reimbursements and hasn’t been updated since 2010. Recognizing this, the Board has stated that, effective for new business and renewals beginning January 1, 2017, carriers are permitted to use other databases (such as Fair Health and Medicare) to determine reimbursements.

The Board requires transparency and consumers must be able to find the allowed charged information. By allowing carrier to choose the reimbursement method, it is likely that this will result in potentially higher balance billing to consumers, especially with regard to specialists.





■ SEH Program Buyer's Guide

The New Jersey DOBI website has been updated with 2017 rates and a preliminary 2017 version of the Buyer's Guide.

See:

http://www.state.nj.us/dobi/division_insurance/ihcseh/shop_seh.htm

and

http://www.state.nj.us/dobi/division_insurance/ihcseh/whichindividualplanbest/whichplan.html

For more information, see Advisory Bulletin 16-SEH-02 with the Compliance and Variability Rider at:

http://www.nj.gov/dobi/division_insurance/ihcseh/bulletins/seh16_02.pdf

Also, see the proposal and adoption at:

http://www.state.nj.us/dobi/division_insurance/ihcseh/sehrulesadoptions.htm

http://www.state.nj.us/dobi/division_insurance/ihcseh/sehforms.html