

## New Benefits

### Controlling the cost and improving the quality of health care

On average, small businesses pay about 18 percent more than large firms for the same health insurance policy, and small businesses lack the purchasing power of larger employers. The health care law includes many cost-saving provisions to increase small businesses' purchasing power while improving the quality of healthcare.

### Encouraging safety and promoting efficiency

Many parts of the health care law change the way the government pays health care providers. These changes encourage safety, such as penalizing hospitals for high rates of infection, and promote efficiency, such as providing incentives for better coordination among doctors and hospitals. These changes will improve quality and lower overall costs within the system, which will positively affect your bottom line.

### Improved cost measures

#### Small Business Health Care Tax Credits Are Available

Tax credits are available to employers with fewer than 25 full-time employees with annual average wages less than \$50,000 and that pay for at least half of employee health coverage premiums.

#### The Creation of an Affordable Insurance Exchange

Beginning in 2014, small businesses will be able to purchase health coverage from Covered California – a third-party marketplace that will give small businesses the same purchasing power as large employers and offer an option for side-by-side plan comparisons.

### Improved Standards Measures

#### Medical Loss Ratio Reform

Insurers are required to spend at least 85 percent of insurance premium dollars for large group plans and 80 percent for small employer and individual plans on direct health care expenses and quality improvements – instead of salaries, overhead or administrative expenses – or provide a rebate to customers.

### **Rate Increases Must Be Justified by Insurers**

Insurance companies are required to disclose and justify large premium increases, and these increases can be publicly deemed unreasonable by the state insurance commissioner.

### **Improved Coverage Availability Measures**

#### **Rights to Getting and Keeping Small Employer Coverage**

Health insurance companies cannot turn down small employers with 2-50 employees based on the health status of employees or their family members, and they must sell to any small employer the same types of health plans they sell to other small employers in California.

#### **Health Status Is Protected From Rate Fluctuations**

Beginning in 2014 insurers won't be allowed to charge more based on the health status of the group or the gender of employees. There will also be limits on how much premiums can vary based on age.

#### **Protecting Current Plans through "Grandfathering"**

Small businesses that wish to keep the insurance plan that they had in place before the enactment of the health care law may do so through the process of grandfathering.

"Grandfathered" group plans are subject to fewer requirements under the health care law. For example, grandfathered plans are **not** required to:

- Cover preventive services without cost-sharing.
- Cover essential health benefits.
- Provide for an internal and external appeals process for contesting coverage decisions.
- Allow direct access to an OB/GYN without a referral.

Businesses wishing to keep their grandfathered plans may change insurance carriers and keep grandfathered status if the benefits and costs to employees stay largely the same.

Grandfathered plans may keep this status as long as they do not make significant changes to coverage, such as increasing cost-sharing or cutting benefits.