Likely 18% For Some Employers

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ATLANTA—Credit unions with 50 to 100 employees will likely find more room in their health insurance budgets next year due to legislation recently signed into law by President Obama that changes part of the Affordable Care Act.

H.R.1624 has been passed by Congress, bills that amended the ACA to provide states with flexibility in determining the size of employers in the small group market.

The change is expected to save those who employ 50 to 100 workers about 18% annually.

Prior to the changes, under the ACA the definition of a small employer group was set to expand in 2016 from under 50 full-time employees to less than 101 total employees—including part-time workers.

Many CUs Affected

What that would have meant for those employing 50 to 100 workers is that in 2016, when their current plans expired, as they shopped for new coverage they would do so as a small group, not as a large group. That would have given this group of employers much less choice in health plans and more cost, explained Annette Bechtold, SVP of regulatory affairs and reform initiatives for health benefits advisory firm Digital Insurance.

"There are a large number of credit unions in the 50 to 100 employee space," said Bechtold. "As a large group, it was easier for employers to customize their plans and avoid the canned plans that small groups choose from. It gave them much more ability to tailor plans to meet the needs of their employees, while keeping costs down. With the change that was supposed to happen in 2016, they would have lost that."

Bechtold said studies indicate it would have cost two-thirds of employers in the 50-to-100 worker range about 18% more a year for health insurance had the new law not passed.

But the new law allows states to set their own small group limits. States can choose to go with the current less-than-50 definition, under 101, or somewhere between. States are not allowed to drop the small group ceiling below 50 or raise it above 100.

Most States Will Stay With 1-50

Bechtold, president of the Atlanta Association of Health Underwriters and legislative council member for the National Association of Health Underwriters—which lobbied for the ACA change—is confident the majority of states will remain with the 1-50 definition.

"It is easier to do that. It is less disruptive to the marketplace, and it gives states more time to look at the stability of the 1-50 definition of small group—to understand do we need more people in that pool to be more stable," said Bechtold.

Bechtold said that smaller markets, such as Rhode Island and the District of Columbia, might move to the 100-employee ceiling.

"They have less lives to begin with, so they may want to increase the size of their pool so that their markets are more stable from a risk standpoint," she said.

Bechtold noted that several states had already passed laws to comply with the larger group definition that was expected to take effect next year. She said she expects many of these states, while it may take some time, will move off the larger definition of small group, either by passing a new law, rescinding the current law, or by the state insurance commissioner delivering a regulatory change.

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