

District of Columbia Health Benefits Exchange (DC HBX)
Insurance Subcommittee
FAQ: Small Business Owners and Producers (Insurance Agents & Brokers)

1. Will small businesses be “forced” into the DC HBX to obtain health insurance coverage?

- The DC HBX is not a separate market. It is a tool to use in purchasing individual and small group insurance.
- The current proposal will aggregate in one place all the qualified health plans (QHPs) that will be available for purchase by small group employers.
- The DC HBX will provide transparency that does not currently exist by creating a single source to review price, quality and customer service information about all health insurance plans available in the District.
- Under a current proposal, small employers can structure a plan to mimic what is currently being offered to its employees, but without adding additional costs or administrative burdens on the employer employees can select from a wider array of plans to best suit their individual needs.
- In short, the DC HBX expands options available to small business owners and their employees.

2. Is the District recommending that the current insurance market be “shut down?”

- The Insurance Subcommittee has recommended consolidating all individual and small group insurance plans in the DC HBX. This recommendation would not shut down the market, but would provide a tool for small businesses to use in selecting health plans.
- There are several reasons for recommending a consolidated marketplace ([click here for details](#)), including;
 - The District is a small jurisdiction, which means that robust participation is required to sustain DC HBX;
 - A consolidated marketplace will provide a consistent consumer experience;
 - Individuals, business owners, and producers will have access to information on **all** insurance plans available in the District in one, easy to navigate portal; and
 - Individuals and small business employees will be able to compare and select from **all** available insurance plans.

3. Will the DC HBX reduce competition in the District health insurance market?

- **No**, the current recommendations would not impose any additional requirements on plans offered in the Exchange beyond those mandated in the Affordable Care Act and existing DC law. These requirements will apply to all health insurance plans regardless of where they are sold.
- The DC HBX will benefit individuals and small businesses by creating a web portal where insurance plans will have to compete on the basis of price, quality of care, and customer service. This will enhance competition in those areas that are essential to purchasers of health insurance.

4. Will the DC HBX eliminate the need for licensed producers?

- **No.**
- The District envisions a robust role for producers within the context of the DC HBX, especially with regards to the small group (SHOP) market. Their experience and services will be invaluable to the DC HBX.
- Producers will have the ability to access the DC HBX web portal to get information on plans and enroll individuals and small groups into the appropriate health plans.

5. What are Navigators and will they replace producers for the DC HBX?

- ***Navigators will not replace producers.***
- Navigators, a requirement of Affordable Care Act, are individuals and organizations that assist small businesses and individuals understand their health insurance options once the individual mandate begins in 2014 and facilitate enrollment in Qualified Health Plans.
- Navigators are not the same as licensed producers and cannot be paid by commission from insurance companies, but they will be registered with the Department of Insurance, Securities and Banking (DISB) and receive compensation through a grant program.
- The District is currently working through the HRIC Operations Subcommittee to design a Navigator Program for the District that meets the needs of District residents, including providing support to historically underserved groups who may not have experience purchasing commercial health insurance.
- ***Navigators will be prohibited from engaging in the functions of producers – to sell, solicit, or negotiate insurance.***

6. How will producers interact with the DC HBX?

- Producers licensed by the District will be eligible to sign up for access to the DC HBX. Once registered/certified they can;
 - Compare price, quality and service information for all insurance plans available in DC;
 - Access insurance plan information on the web site;
 - Sign up employers to purchase insurance through the exchange;
 - Input employee information to develop quotes for small group insurance plans; and
 - Facilitate the enrollment of employees and individuals into the DC HBX.

7. How will sales through the DC HBX be credited to the appropriate licensed producer?

- The producer will be identified with an ID number issued upon registering for the DC HBX which will be used for tracking all activities and transactions and to assign credit. The producer must be logged into the DC HBX system to initiate the sale process for an individual or small business. If an individual or small business initiates the process, the system will provide the option for inputting a producer's ID number for credit to be assigned.

8. What groups will participate in the DC HBX?

- District based small groups with 2 to 100 members are eligible to participate in the DC HBX insurance marketplace.
- This changes the current practice of small groups being defined as 2 to 50.

9. What tax credits are available for small business owners who cover their employees through the DC HBX?

- For tax years 2010 through 2013, the maximum credit is 35 percent for small business employers and 25 percent for small tax-exempt employers such as charities.
- An enhanced version of the credit will be effective beginning Jan. 1, 2014, increasing to 50 percent and 35 percent, respectively.

10. Are there penalties if I do not offer coverage to my employees?

- ***There are no penalties for employers with 50 or fewer employees.***
- For employers with more than 50, an employer must offer coverage to their employees and are subject to penalties if;
 - At least one employee receives a premium tax credit or cost sharing subsidy for coverage in the DC HBX,
 - The penalty is \$2,000 annually times the number of full-time employees minus 30.
 - Coverage offered does not pay for at least 60% of covered health expenses for a typical population, or,
 - Employees have to pay more than 9.5% of family income for the employer offered coverage.
 - The penalty is \$3,000 annually for each full-time employee receiving a tax credit, up to a maximum of \$2,000 times the number of full-time employees minus 30.

11. How will small business owners select coverage for their employees through the DC HBX?

- Under the proposed market recommendations the District intends to provide small business owners with options that will be similar to the current process;
 - As required by the ACA, employers will be able to select a metal level and a plan that best suits the needs of their employees. In the DC HBX, they will be able to work with a producer to do this.
 - The District has also proposed an option that mimics the current process, in which a premium is calculated, based on the average age of employees and the employer defines the employer/employee contribution split.
 - A benefit of using the HBX is that individual employees will have an opportunity to see all available plans at the selected metal level and their cost for each plan, after the employer contribution. . The selection of individual plans by employees will not impact the employer's contribution – even if all employees select a different option than the employer's selection.

12. How will small businesses pay for insurance purchased through the DC HBX?

- Employers will make one payment to the DC HBX and the HBX will submit the premiums to all carriers whose plans are selected by the employees.
- The District has also proposed that producer fees be included in this payment and subsequently be paid to producers by the DC HBX.

13. How will the roll out of the DC HBX occur for small businesses? Will all plans have to convert on January 1, 2014?

- Small group plans will be able to utilize the DC HBX at their regular renewal date in 2014.
- The process will not be significantly different than renewals in previous years except that employees will have a much greater range of choices for their health plans.

14. Will plans offered in the DC HBX be different than current plans offered to individuals and small groups?

- Under the Affordable Care Act, after 2014, all non-grandfathered insurance plans will have to meet the Essential Health Benefits (EHB) requirement, so there will be modifications in all plans regardless of where or how they are made available.
- The EHB must be based on one of several benchmark plans already available in the current market, so there should not be significant changes in plans as a result of complying with the EHB package.
- The current proposal includes the assumption of a “passive” marketplace in the DC HBX. This means that all plans meeting new federal requirements and in compliance with existing DC law will be available through the DC HBX.

15. Will the cost sharing features in individual and small group plans change from year to year?

- Under the metal level structure (platinum, gold, silver, bronze), insurance plans will have to meet specific actuarial requirements for cost sharing to determine their metal level.
- Since plans will need to maintain similar levels of cost-sharing from year to year to remain in the same metal level, there should be much fewer changes in cost sharing (which usually involves shifting more costs to subscribers) compared to the current market.

16. What information will be available for individuals and small business employees to compare plans in the DC HBX?

- The following information will be available to individuals and small business employees to compare across plans;
 - Cost of Premiums,
 - Quality ratings and customer service measures,
 - Provider networks, and out of pocket cost examples for various medical needs (pregnancy, broken arm, emergency room visits, etc.).

17. It can be very difficult in the current insurance market environment to structure a small business health insurance program that offers multiple options, because employees more likely to use health care tend to select richer plans while those less likely to use to use health care tend to select cheaper plans, thus making premium setting difficult. Will the DC HBX change this?

- As discussed above, small business owners can select a plan for employees, but then individual employees can select among a wider array of options without adding cost or administrative burden to the employer or to employees who utilize the employer's plan selection. This includes a situation where younger employees all select a cheaper plan and older employees select richer plans.
- The Affordable Care Act also establishes several mechanisms to balance out the playing field for insurers should some insurers get a disproportionate share of higher cost individuals.
- The District will participate in federal programs for reinsurance and risk sharing among insurers to balance the cost of care over all insurers.

18. Can a producer sell DC HBX insurance plans from carriers that have not appointed them?

- The District has proposed that all licensed agents and brokers be able to sell any plan available on the DC HBX.

19. Will grandfathered plans be required to utilize the DC HBX?

- No. Grandfathered plans (those in effect prior to March 23, 2010) will remain outside of the DC HBX. Small businesses that elect to use these plans instead of the DC HBX will not be able to offer employees the same number of options as those participating in the HBX.

Do you have a question about the DC HBX that was not answered here?

Please e-mail your question to healthreform@dc.gov and we will add it to the FAQ.