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FAQ – Early Renewal and Plan Year Change for Small Groups (2-50)

Tips and frequently asked questions about how Wellmark’s early renewal and plan year change will impact small groups

FAQ – Renewal and Plan Year Change 2013

Small groups (2-50)

Q1: Who is eligible to change their renewal and plan year date?

A1: All new or existing small business employers (2-50 total employees) with non-grandfathered plans will have the option of resetting their renewal and plan-year date for Dec. 1, 2013. This will lock in their rates and plan until Nov. 30, 2014.

Q2: What does a group need to do take advantage of the renewal and plan year date change?

A2: This depends on the renewal date of the group’s plan:

- **Groups with Jan. 1 – March 1 renewal** dates can lock in their rates and plan through Nov. 30, 2014, by renewing their plan with a Dec. 1, 2013 renewal and plan-year date. Their current rates may be adjusted to correspond with the new renewal cycle.
- **Groups with April 1 through Nov. 1 renewal** dates can lock in their current plan and rates through Nov. 30, 2014, by resetting their renewal and plan-year date to Dec. 1, 2013. Groups can opt-out of this change and keep their current renewal and will be moved to an ACA-compliant plan as of their first plan year on or after Jan. 1, 2014.
- **New groups can buy a new Wellmark plan** with an effective date of Dec. 1, 2013, to lock in their plan and rates until Nov. 30, 2014, if they elect a Dec. 1 renewal and plan-year date.

Q3: What response is needed from a group with an effective date of Jan. 1 to March 1 that wants to maintain their current renewal date?

A3: For groups with an effective date of Jan. 1 to March 1 that wish to maintain their current renewal date, the preferred response is to have their group administrator complete the response form by checking the appropriate box. This will confirm their choice to keep their current renewal date and signify that they understand that this choice will be considered a designation that the plan year of their Employer Group’s plan(s) will align to the renewal date. Their Employer Group’s plan(s) will be moved to a 2014 ACA plan as of its first plan year beginning on or after Jan. 1, 2014.

However, if a group does not select a renewal/plan year date by July 26 we will consider the group to be designating their current renewal as their plan year date for their plan(s) as outlined in their Group Insurance Policy.

Q4: When do groups have to decide what to do about their coverage options?

A4: Again, it depends on the renewal date of the group’s plan.

- **Groups with Jan. 1 – March 1 renewal dates** need to notify Wellmark by **July 26, 2013**, to complete the renewal process on time. This will allow the group enough time to make a decision to change its



renewal and plan-year date to Dec. 1. If a group does not respond to our letter by selecting a renewal/plan-year date, we will consider the group's selection of its current annual renewal date as the plan-year date as outlined in our Group Insurance Policy.

- **Groups with April 1 – Nov. 1 renewal dates** will have the option to choose a Dec. 1 renewal and plan-year date or keep their current renewal date. If a group wishes to retain its current renewal date, it must alert Wellmark by Sept. 1, 2013. If a group does not respond to our letter by selecting a renewal/plan-year date, we will consider that the group's selection of Dec. 1 as the renewal and plan-year date as outlined in our Group Insurance Policy.
- **New groups** can buy a Wellmark plan with an effective date of July 1 through Dec. 1, 2013. With the group's selection of a Dec. 1 renewal and plan-year date, such new groups will be permitted to lock in their plan and rates until Nov. 30, 2014. A new group is permitted to select a renewal and plan-year date other than Dec. 1, but will not be permitted to lock in their plan and rates through Nov. 30, 2014.

Whether a group resets or keeps its current renewal date, that date will now align with the plan-year (the 12-month period when benefits are effective), so ACA-compliant benefits can go into effect at their 2014 renewal. A group that chooses to keep its current plan year will be moved to an ACA-compliant plan as of their first plan year on or after Jan. 1, 2014.

We will be sending notification to employers and brokers regarding this change and their timelines for response. We will share more details in the following weeks.

Q5: Why is Wellmark making this change?

A5: The Affordable Care Act (ACA) will drive significant change in the benefits offered in the products all health insurance companies will sell. Wellmark customers can remain locked in their current plans and rates during this time of change. This will give them the time they need to determine what plans fit their needs in relation to cost and coverage.

Q6: How will groups benefit from resetting their renewal and plan-year date?

A6: By changing their renewal and plan-year date, small businesses can take advantage of:

- Consistent rates
- Consistent benefits
- Stability in a turbulent marketplace

Q7: Why did Wellmark decide to do this now?

A7: We are only a few months away from the ACA going into effect, and groups are wondering how it will impact them. This helps small businesses gain certainty in these changing times by giving them the option to lock in their current plan and rates through Nov. 30, 2014.

Q8: What will a change in renewal date mean for my plan year?

A8: For all non-grandfathered small groups, Wellmark is aligning plan year to match the annual renewal date, so that ACA-compliant benefits can go into affect at their 2014 renewal.

- For groups that move their renewal date to Dec. 1, the plan year would start at Dec. 1 and run for 12 consecutive months.
- Groups that keep their renewal date will have their plan year align to that same 12-month period, for example, Oct. 1, 2013 through Sept. 30, 2014. Groups that choose to keep their current plan year will be moved to an ACA-compliant plan as of their first plan year on or after Jan. 1, 2014.

Q9: What does this mean for Wellmark's decision about the individual exchange and SHOP?

A9: Wellmark is close to a decision on our health insurance marketplace participation. We plan to make an announcement in mid- to late-June.



Q10: Is this a way for Wellmark to avoid complying with the ACA provisions?

A10: Not at all. Wellmark will comply with all applicable ACA provisions. Groups do not have to stay in their current plans. They will have the option to enroll in a new ACA-compliant plan beginning Jan. 1, 2014.

Q11: Can a group elect an ACA-compliant plan?

A11: Wellmark will have a variety of ACA-compliant coverage options for 2014 and beyond. Groups can elect an ACA-compliant plan beginning Oct. 1, 2013, for an effective date starting Jan. 1, 2014.

Q12: How long can a group keep its current coverage?

A12: Groups can keep their benefits and rates through Nov. 30, 2014, by choosing a Dec. 1 renewal and plan-year date. The ACA does not permit health insurance companies to maintain non-grandfathered plans beyond their 2014 plan year.

Q13: Is there rate information on the new small group plans available?

A13: Wellmark is still calculating estimated renewal change premium information. What we do know is that modifications in the way rates are calculated will have a significant effect on small groups as the Affordable Care Act is implemented.

Q14: How does this change affect grandfathered groups?

A14: Grandfathered plans will not be given the option to reset their plan year. However, we will be aligning their renewal date with their plan-year date.

Before making benefit or contribution changes, employers should carefully consider the short- and long-term implications of retaining or dropping grandfathered status. Work with your authorized Wellmark representative to understand your options.

Q15: How does this change affect non-grandfathered groups?

A15: All groups with non-grandfathered plans now have the option to change their renewal and plan-year date and keep their current plan and rates through Nov. 30, 2014. Employers with 50 or more employees should consider the IRS Employer Shared Responsibility transitional regulations issued on Jan. 2, 2013, and employers sponsoring a cafeteria plan should consider whether a change in the health plan year will impact the cafeteria plan's plan year.

Q16: Will a group's rates change if it stays in its current plan?

A16: Groups with current renewal dates of Jan. 1 through March 1 that choose a Dec. 1 renewal and plan-year date will go through the normal renewal process on Dec. 1 2013, so rates may be adjusted for their new renewal period.

Groups with current renewal dates of April 1 through Nov. 1 that choose a Dec. 1 renewal and plan-year date will keep their current plan **as well as their current rate** through Nov. 30, 2014.

Q17: Will a group's rate change if it switches to a new ACA-compliant plan?

A17: Beginning with 2014 plan years, small groups with non-grandfathered plans will feel a wide variety of impacts as new components of the ACA take full effect. That is why we made the decision to give groups additional time to weigh out their options and find the plan that best fits their needs and budget.

Q18: Can a group change its mind about which coverage to keep?

A18: Employers can revert back to their previous renewal date, if they make the request to Wellmark at least 90 days prior to when their new coverage would take effect.



Q19: Will current health plans include the new required essential health benefits?

A19: No. Current non-grandfathered plans will remain intact as is. The new essential health benefits, as required by the ACA, are available in the new plans that go into effect Jan. 1, 2014.

Q20: If a group changes its renewal and plan-year date, will it have to pay the required taxes and fees?

A20: ACA-related taxes and fees such as the PCORI fee and Transitional Reinsurance fee go into effect for **all groups** on Jan. 1, 2014. Small groups will need to plan for these fees, in addition to their premiums. In addition, employers with 50 or more employees should consider the IRS Employer Shared Responsibility transitional regulations issued on Jan. 2, 2013, and employers sponsoring a cafeteria plan should consider whether a change in the health plan year will impact the cafeteria plan's plan year.

Q21: How much are the required taxes and fees?

A21: How fees are calculated and when they are collected varies by each fee. More information is available on WeKnowReform.com.

Q22: Will ancillary products be affected?

A22: More information will be made available in the coming weeks.

Q23: What about groups of 51-100 employees?

A23: Plans in the 51-100 market will not be given the option to reset their plan year or lock in their plans and rates through Nov. 30, 2014. However, we will be aligning their renewal date with their plan-year date.

Q24: What about new groups purchasing coverage through Nov. 2013?

A24: New 2-50 non-grandfathered groups purchasing coverage can retain their rate through Nov. 30, 2014. With the group's selection of a Dec. 1 renewal and plan year date, such new groups will be permitted to lock in its plan and rates until Nov. 30, 2014. A new group is permitted to select a renewal and plan-year date other than Dec. 1, but will not be permitted to lock in their plan and rates through Nov. 30, 2014. This is a great opportunity for new groups to buy a Wellmark plan and lock in rates until Nov. 30, 2014.

Q25: Why can't Wellmark tell the groups what their rates will be in 2014?

A25: While we have a good understanding of the impact of ACA requirements, the 2014 rates are not yet final nor approved.

Q26: Will a group be able to move to a different renewal date (e.g., Jan. 1, 2015 to coincide with the calendar year?)

A26: Yes, however by Dec. 31, 2014, all groups on non-grandfathered plans must be on an ACA-compliant plan. Wellmark allows employers to change their renewal date to meet their business needs. Changing plan years is permissible but employers with 50 or more employees should consider the IRS Employer Shared Responsibility transitional regulations issued on Jan. 2, 2013, and employers sponsoring a cafeteria plan should consider whether a change in the health plan year will impact the cafeteria plan's plan year.

Q27: How will changing renewal date affect plan year?

A27: Whether a group changes or keeps its current renewal date, that date will now align with the plan year (the 12-month period when benefits are effective), so ACA-compliant benefits can go into effect at their 2014 renewal.

Under this approach offered by Wellmark, non-grandfathered small groups will have the option to choose a Dec. 1 renewal and plan year date or keep their current renewal date. A group can choose to retain its current renewal date.

- If a group with a current renewal of **Jan. 1 – March 1** does not respond to Wellmark's request to designate a renewal/plan-year date, we will consider the group's selection of its current annual renewal



- date as the plan-year date as outlined in our Group Insurance Policy.
- If a group with a renewal of **April 1 – Nov. 1** does not respond to Wellmark's request to designate a renewal/plan-year date, we will consider that as the group's selection of Dec. 1 as the renewal and plan-year date as outlined in our Group Insurance Policy.
 - A group that chooses to keep its current plan year will be moved to an ACA-compliant plan as of their first plan year on or after Jan. 1, 2014.

Q28: What is the plan year for most groups today?

A28: Groups typically have a calendar year plan year that may align with their annual renewal date. Under the approach now offered by Wellmark, groups have the option to change their plan year and annual renewal to Dec. 1. Alternatively, groups can choose to keep their current annual renewal date and Wellmark will align their plan year to be the same. This means ACA-compliant benefits will take effect as of the group's first plan year beginning on or after Jan. 1, 2014.

Q29: When do my plans have to be ACA-compliant?

A29: Under the ACA, groups are required to be ACA-compliant as of their first plan year beginning on or after Jan. 1, 2014. Under the approach offer by Wellmark, groups have the option to change their plan year and annual renewal to Dec. 1. Alternatively, groups can choose to keep their current annual renewal date and Wellmark will align their plan year to be the same. This means ACA-compliant benefits will take affect as of the group's first plan year beginning on or after Jan. 1, 2014. This approach has been approved by our state regulator.

Q30: Will members' deductibles reset?

A30: Calendar year deductibles and out-of-pocket maximums will reset on Jan. 1, as per current practice. This also includes any benefits with annual limitations (e.g., chiropractic visits).

Q31: If a first-quarter group chooses to move to a Dec. 1 plan year resulting in a renewal to be released Dec. 1, 2013, can the group choose to keep its current renewal date and rates after the Dec. 1, 2013, rates are released?

A31: We will maintain current processes of requesting a change in renewal dates, which is the group must accept the new rates once completed. The group will not have the option to keep its current renewal date and rates after the Dec. 1, 2013, rates are released. For additional processes as a result of a request to change renewal dates, please see the Small Group Administrative Guide.

Broker FAQs – Early Renewal and Plan Year Change 2013

Additional questions brokers may have for small groups (2-50)

Q32: When will brokers have more information?

A32: The plan-year change approach offered by Wellmark presents a positive option and secures additional time for brokers and their groups to consider their available health plan options and find stability during 2014. Brokers can stay up to date and informed on the renewal change program with *Blue Briefings*. We'll also share more information at our summer small business producer learning sessions in June.

In the coming weeks, Wellmark will send brokers copies of the renewal lock in offer being sent to small groups and communication materials to promote this option to customers.

For additional information, contact your Wellmark representative.



Q33: What should I tell my small groups to do today?

A33: For the small groups in your block of business, the key factor is the renewal date of their current plans.

- Groups with renewal dates between Jan. 1 and March 1 can change their plan-year and renewal date to Dec. 1, giving them another year before they are required to move to a 2014 ACA-compliant plan. If a group does not respond to our request to designate a renewal/plan-year date, we will consider the group's selection of its current annual renewal date as the plan year date as outlined in our Group Insurance Policy.
- Groups with renewal dates between April 1 and Nov. 1, will have the option to choose a Dec. 1 renewal and plan year date or keep their current renewal dates. If a group does not respond to our request to designate a renewal/plan-year date, we will consider that as the group's selection of Dec. 1 as the renewal and plan-year date as outlined in our Group Insurance Policy. It's important to notify your small groups of this approach being offered by Wellmark.

We encourage you to begin discussions with as many of your small groups as you can, if you haven't already. The message from this change is that groups now have additional options and more time to make the best health insurance decision for their businesses.

We'll continue to educate and inform you on the details of these options, including rates, as the year goes on.