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NEWS RELEASE

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Actuaries Detail Health Plan and Premium Changes Expected Under ACA's Redefinition of 'Small Group'

Academy Issue Brief Provides Resource on Implications for 2016

WASHINGTON—The scheduled expansion of how small employers are defined under the federal Affordable Care Act in 2016 to include groups sized 51 to 100 could result in changes to health care premiums and coverage for significant numbers of employees of small businesses, according to the American Academy of Actuaries, the public policy and professionalism voice of the U.S. actuarial profession.

According to an [issue brief](#) released by the Academy, “For plan years beginning in 2016, the Affordable Care Act (ACA) expands the definition of small employers to include those with up to 100 employees. As groups with 51 to 100 employees renew or newly purchase coverage, they must abide by the rules and regulations governing the small group market, including those related to benefit coverage, actuarial value, and premium rating restrictions.”

Cori Uccello, the Academy's senior health fellow, said, “Many employees in groups 51-100 could be facing changes to their benefits, and this expansion could also mean increased premiums for those in groups 1-50.”

The issue brief, “Potential Implications of the Small Group Definition Expanding to Employers with 51-100 Employees,” developed by the Academy's Individual and Small Group Market Task Force, examines how the rules applying to groups sized 51 to 100 will change and what that means for insurance coverage in the small group market, and finds:

- **Many employers and employees will be affected by the change in the small group definition. Such a change could affect over 150,000 establishments with more than 3 million workers.**
- **Groups sized 51 to 100 will face more restrictive rating rules, which will increase relative premiums for some groups, such as those with younger and healthier populations, and reduce them for other groups, such as those with older and sicker populations.**

(MORE)

03-3-2015 – ACTUARIES DETAIL HEALTH PLAN AND PREMIUM CHANGES EXPECTED UNDER ACA’S REDEFINITION OF ‘SMALL GROUP’

- **Groups sized 51 to 100 will face additional benefit and cost-sharing requirements, which could reduce benefit flexibility and increase premiums.**
- **The more restrictive rating and benefit requirements could cause more groups sized 51 to 100 to self-insure, especially among those whose premiums would increase under the new rules.**
- **If adverse selection occurs among groups sized 51 to 100, premiums for groups sized 1 to 50 could increase.**

The issue brief, available by clicking on “Health” under the “Public Policy” tab at www.actuary.org, is part of the Academy’s Health Practice Council’s ongoing publications for policymakers and regulators on major health insurance and health care affordability issues.

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The American Academy of Actuaries is an 18,500+ member professional association whose mission is to serve the public and the U.S. actuarial profession. The Academy assists public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.