

Legal Requirements

Small group size requirement

The Small Employer Health Insurance Availability Act (the “Act”) (see back page for more information on the Act) requires that BCBSRI must verify an employer’s size on an annual basis. In addition, employers must offer coverage to all eligible employees and their dependents. To comply with this rule, small employers must provide eligibility documentation (see **BCBSRI.com** or your BCBSRI account executive/broker for these forms) for each employee or dependent who declines coverage. If we do not receive this information, the law requires us to cancel your group coverage. It is important that you respond to our requests for information in a timely manner in order to continue your group coverage.

Rating

We develop a Community Base Rate (CBR) based on the pooled claims experience of all enrolled small employers. Components of the CBR are approved annually by the Health Insurance Commissioner.

The CBR is then adjusted for member age factors prescribed by the Affordable Care Act for all of the members enrolled through your health plan. The three (3) oldest children under the age of 21 are counted toward a family’s premium. The CBR adjustment includes an adjustment based on members’ ages, with rates for members varying in one-year age brackets.

Finally, BCBSRI compares the rate quoted for each contract type for your health benefit plan with the rates quoted for each contract type for all health benefit plans issued or renewed in the same period, and makes any adjustments required to ensure that the relationship between the highest and lowest rates quoted falls within the limits prescribed by the Act. These adjustments determine your final rate.

We may not adjust your rate more frequently than annually, except to reflect: (1) a change in benefits that you request; (2) a change in benefits required by law; (3) a change in family composition; (4) any change in enrollment; or (5) a change in premium tax as required by law.

Enrollment and renewability

Our small group health benefit plans are offered annually for renewal to all groups that are “small employers,” except in limited circumstances prescribed by the Act, including the following:

- Nonpayment of the required premiums, or
- Fraud or misrepresentation by the employer, or
- Noncompliance with minimum participation requirements (see below), or
- Noncompliance with minimum employer contribution requirements (see below).

Minimum participation requirements

- Groups must enroll 75 percent of employees that (a) are eligible for health coverage and (b) have not waived enrollment due to other health coverage.
- If you do not meet the minimum participation requirement, you may only enroll during an open enrollment period from November 15 to December 15 for a plan effective date of January 1.
- If any eligible employees wish to waive coverage for themselves or any of their dependents, the employees’ waivers must be documented on a “Waiver/Certification Form” and returned to your BCBSRI account executive.

Minimum employer contribution

- The employer is requested to contribute a minimum of 75 percent of the individual premium rate for all eligible employees.

Financial Terms

These provisions are included in order to comply with Rhode Island Department of Business Insurance Regulation 23:

Any payment not received by BCBSRI within thirty-one days (“grace period”) of the due date will be subject to a late payment charge, at the annual rate of twelve percent. The late payment charge will apply to each day after said grace period until payment is received by BCBSRI. You will also pay all costs incurred by BCBSRI. Incurred costs shall include unpaid premiums, attorneys’ fees, and court costs.

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All benefits payable under your group coverage will be paid not later than sixty (60) days after receipt of proof of loss.

No statement made by an eligible employee, retiree, or dependent shall be used to avoid insurance or reduce benefits unless:

1. such insurance has been in force for a period of less than two (2) years during such individual's lifetime;
2. such statement was contained in a written instrument signed by the individual making the statement; and
3. a copy of the written instrument was provided to the individual.

We have the right to review during normal business hours the books and accounts reasonably necessary to confirm your performance of requirements under the health benefit plan, including but not limited to eligibility and enrollment records.

Disclosures

Certain Rating and Renewability Provisions Required by the Small Employer Health Insurance Availability Act

The Small Employer Health Insurance Availability Act (the "Act") requires that BCBSRI conform to certain rating, renewability, enrollment, and marketing practices with respect to "small employers." **If your business is a "small employer," this disclosure contains important information for you to read carefully.**

If your business is not a "small employer," this disclosure does not apply to you. Please notify your broker, general agent, or BCBSRI account executive.

A "small employer" is any person, firm, corporation, partnership, association, or political subdivision that meets all of the following criteria:

- a. It is actively engaged in business;
- b. On at least 50 percent of its working days during the preceding calendar quarter, it employed no more than 50 "eligible employees" with a normal workweek of 30 or more hours, the majority of whom were employed within this state;
- c. It is not formed primarily for purposes of buying health insurance; and
- d. A bona fide employer-employee relationship exists.

Subscriber agreement

For your convenience, your account's medical and/or dental subscriber agreements will be posted in the Employer section of **BCBSRI.com**. Please note that as an employer, you are responsible for distributing copies of subscriber agreements to employees who are enrolled in your group plan.

Changing your benefits

To change your existing benefits, please complete and sign a Request for Group Insurance Amendment, and return it to your BCBSRI account executive, broker, or agent.

An "eligible employee" is a full-time employee who works on a permanent (i.e., not temporary or substitute) basis. Generally, this means an employee with a normal workweek of 30 or more hours and can include full-time employees who work a normal workweek, anywhere between 17.5 and 30 hours, as long as you apply the same eligibility criteria to all employees and without regard to any health status factor. In addition, a self-employed individual, a sole proprietor, a partner in a partnership, an independent contractor (provided that the independent contractor is included as an employee under a health benefit plan of a small employer), and/or any retiree under contract with any independently incorporated fire district can be included as an "eligible employee."

For more information

Contact your broker or BCBSRI account executive, or call our Small Business Sales Department at **(401) 459-5959 or 1-800-637-3718**. You can also visit **BCBSRI.com**.



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