

# Legal Requirements and Disclosure

## Legal Requirements

### Small Group Size Requirements

BCBSRI is required to verify an employer's size before that employer can purchase coverage in the small group market.<sup>1</sup> Additionally, small employers must provide documentation for each employee or dependent who declines coverage (see BCBSRI.com or your BCBSRI client manager for these forms). 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 so that we can continue your group coverage.

### Ratings

Premiums are based on your employees' ages and the ages of their dependents. We may not use geographic area, tobacco use, gender, or health status to determine premiums. An employee's family premium is calculated by adding up the individual premium amount for all family members. However, only the three (3) oldest dependents under age 21 will count toward a family's premium.

We are not permitted to 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 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 Form" and returned to your BCBSRI client manager.

### Minimum employer contribution

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

### 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 client manager, broker, or agent.

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<sup>1</sup>See *Small Employer Health Insurance Availability Act, R.I. Gen. Laws § 27-50-1 et seq. and Office of the Health Insurance Commissioner Regulation 11.*

# Disclosures

Federal and state laws require 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 client manager.

A “small employer” is an employer who employed on average at least one (1) but not more than 50 employees on business days during the preceding calendar year and who employs at least one (1) employee on the first day of the plan year.

Because of changes in the federal law, as of 2016, if you have no enrolled employees other than yourself and your spouse, you are not eligible to purchase coverage in the small group market. You may purchase insurance through the individual market, either through HealthSource RI or directly from a health insurance company.

An “employee” is an individual who is employed, on either a full-time or part-time basis, by an employer. To determine how many employees you have for purposes of market size, add up all employees who work 30 hours or more per week (these are considered full-time (FT) employees). For the remaining employees, add their total hours of service in a month and divide by 120. The resulting number will be the number of full-time equivalents (FTEs) that you employ. The sum of FTs and FTEs is the number of employees you have for market size purposes.

Independent contractors and sole proprietors are not considered employees, and therefore, are not counted in determining your group size.

## ***For more information***

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

