DEPARTMENT OF
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STATE OF MAINE

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MAINE BUREAU OF INSURANCE

(November 2022)

Small Business Guide to Health Insurance

The health insurance market in Maine offers many plan choices to businesses with 50 or fewer full-time equivalent employees. More information about small group plans can be found below.

For information and an application to the Small Business Health Options Program (SHOP) tax credit, see the Information for Small Businesses page at CoverME.gov, Maine's state-based health insurance Marketplace. The site also has a tool to help compare costs when coverage is provided via a Small Group Plan, an Individual Coverage Health Reimbursement Arrangement (ICHRA), or by raising wages. A broker can provide assistance as you weigh the options, and the CoverME.gov site also provides a broker locator tool.

The Bureau of Insurance website also has detailed information about the small group plans offered, including medical and dental rate charts and a rate calculator.

Getting Started

Compare benefits and premiums carefully when considering different plans. It is a good idea to contact an independent insurance broker who represents more than one health insurance company to help you shop. That broker can answer questions, evaluate your group's coverage needs and budget, and provide quotes.

Eligibility

A "small" employer is one that has 50 or fewer eligible employees who are eligible for coverage, and at least one employee who is not the owner or spouse. All employees working 30 or more hours per week are eligible for coverage, and the employer may also decide to include dependents, retirees, and part-time employees who work 10 or more hours per week.

You can purchase small business coverage any time during the year from any insurer offering small business health plans, as long as you meet the following minimum participation ratios:

- 70% of eligible employees when purchasing coverage through SHOP (for more information about SHOP, see below);
- 75% when purchasing non-SHOP coverage.

Small businesses can purchase or renew coverage for the upcoming year ***without meeting minimum participation ratios*** between **November 15—December 15 each year**

If you believe you are eligible for small group health insurance but have been declined for a plan by any of the insurers shown in this brochure, please note the name of the person you spoke with at the insurance company and contact the Consumer Health Care Division of the Maine Bureau of Insurance at 207-624-8475 or 800-300-5000.

Continued Coverage for Dependent Children until Age 26

If your business offers coverage for dependent children, that coverage must be available to them until their 26th , birthday. This coverage must be available even if he or she is a student, is married, has their own dependent(s), or files their own taxes. However, if the plan does not cover dependents at all, your company does not have to change the plan to cover adult dependents.

Pre-existing Conditions and Enrollment Periods

There can be no pre-existing condition exclusions when you purchase a new health plan.

An employee or dependent may enroll in your plan after your waiting period is met; during your annual Open Enrollment period; or if and when the employee's existing coverage terminates for one of several reasons specified by law. These reasons include: loss of coverage through a spouse's plan; loss of coverage through a parents plan, if the employee is younger than age 26; or due to death, divorce, termination of employment, or termination of the group plan. Also, when an employee gains a new dependent through marriage, birth or adoption, the employee has a 30-day special enrollment period in which to add the dependent to their plan (if you have chosen to cover dependents).

Cost

Premium rates cannot differ based on gender, health status, claims experience, or policy duration. Rates *can* vary based on tobacco use, age, and geography. Each employee is rated individually, as are his or her dependents. Costs for children younger than age 21 are capped at the rate for the three oldest children. (In other words, providing coverage for *more* than three children under age 21 does not cost any more than providing coverage for the three oldest.)

Plans generally have an annual **deductible** that must be paid before benefits begin or before they are paid at the highest level.

A **coinsurance** provision requires the insured person to pay a percentage of the cost until an out-of-pocket limit is reached. Certain services may only require a **copay** at the time of service (such as a visit to the doctor's office) while some routine preventive services will not require any payment by the insured, as outlined in the policy.

To help cover the cost of premiums and cost-sharing (deductibles, co-insurance and copays), you may offer your employees some pretax options.

- Employees may make their health benefit plan premium contributions with *pre-tax* dollars (known as a Premium Only Plan).

- You may choose to set up a fund to include a Health Reimbursement Account (HRA). Employees are then able to set aside *pre-tax* dollars to pay for medical expenses not covered or otherwise reimbursed. The employee decides each calendar year how much to set aside for that year and funds the account with a *pre-tax* contribution each pay period. The employee then makes a claim for reimbursement by submitting proof of qualifying expenses. Any money left unclaimed at year end is forfeited. Anyone interested in these types of funds should contact a tax attorney, CPA, or other qualified professional.

- You may elect to set up a Health Savings Account (HSA) which, unlike an HRA, can carry over from year to year. These investment accounts are combined with high-deductible plans designed specifically for this purpose to meet standards set in federal tax law. The employee can withdraw money tax-free from the account for medical expenses. Otherwise, the money accumulates with tax free interest. The investment account can be funded by you, by the employee, or both.

What Types of Plans are Available?

Most insurers offer a variety of plans. Plans vary as to the level of benefits paid, the provider network included, and the extent of managed care provisions. The general types of plans available are:

- **HMO** - A "pure" HMO plan requires enrollees to choose a primary care physician from participating doctors. Any non-emergency service at a hospital and any specialty care requires a referral from the primary care physician. With few exceptions, no coverage is provided for doctors and hospitals that are not part of the HMO's network.
- **(POS)** - A POS (point-of-service) plan offered by many HMOs. It differs from a "pure" HMO plan by covering services from non-network doctors or hospitals, or services obtained without a referral from the primary care physician, but at a lower benefit level than in-network care.
- **PPO** - A PPO (preferred provider organization) plan is similar to a point-of-service plan. PPO plans usually do *not* require a referral from a primary care physician to receive the highest level of benefits for services received from an *in-network* specialist or hospital.
- **Indemnity** - An "indemnity" or "fee-for-service" plan does not use a provider network. The same level of benefits applies to any doctor or hospital and is generally limited to the "usual and customary" charge for the service. If the doctor or hospital charges more than this amount, the patient is responsible for the extra charge (this is known as "balance billing").

Companies Selling Small Business Health Insurance in Maine

All small business health insurance plans currently offered in Maine can be compared using the Bureau's comparison charts and rate calculator, which can be found on the Bureau's website. For plan-specific questions and additional information contact the insurance carriers directly.

The plans and rates offered by insurance companies in Maine are reviewed and approved by the Bureau of Insurance. You are welcome to call the Bureau at 207-624-8475 or 800-300-5000 with any insurance-related questions. For TTY, please use Relay 711.

The Federally Facilitated Small Business Health Options Program (SHOP)

The Small Business Health Options Program (SHOP) is a federal program intended to simplify the process of buying health insurance for small businesses. SHOP is open to employers with 50 or fewer full-time equivalent (FTE) employees. If you think you may qualify, ask your broker about SHOP plans. Visit the small business section at CoverME.gov for an application.

To participate in SHOP in Maine, you must:

- Have a principal business address in Maine or show that you can offer coverage to each eligible employee through the SHOP Marketplace account serving that employee's primary worksite.
- Have at least one common-law employee on payroll (not including a business owner or sole proprietor or spouse). For the definition of a common-law employee, visit the IRS website at irs.gov/businesses/small-businesses-self-employed/employee-common-law-employee.

Businesses with fewer than 25 employees may qualify for the Small Business Health Care Tax Credit when they purchase a SHOP plan, if they meet the following requirements:

- Fewer than 25 full-time equivalent (FTE) employees
- Have an average employee salary around $50,000 per year or less
- Pay at least 50% of your full-time employees' premium costs
- Offer SHOP coverage to all full-time employees.

Individual Market and MaineCare Insurance: What Employers Should Know

If you don't offer health insurance to all your employees, they may be eligible for free or low-cost health coverage from MaineCare, or for financial assistance from the federal government to purchase their own plan at CoverME.gov.

If you have employees who are uninsured and may qualify for MaineCare, encourage them to check their options at CoverME.gov or call 1-800-965-7476 to get in-person help from Consumers for Affordable Health Care.

Make sure your employees know that they have from November 1st until December 15th to sign up for a health insurance plan that will provide coverage during the upcoming year. If they are a new employee or have had another life change (divorce, birth of a child, a move), they may qualify for a special enrollment period for 60 days following the life event. For help understanding these options visit CoverME.gov.

Individual Coverage Health Reimbursement Arrangements

Starting in 2020, a new option became available for providing health insurance to employees: Individual Coverage Health Reimbursement Arrangements (ICHRAs). Like other HRAs, these are pre-tax, defined contribution accounts that employees can use to cover premiums and other health expenses. Unlike other HRAs, ICHRAs can be used to purchase individual health insurance plans, including those on HealthCare.gov.

ICHRAs cannot be used with Advanced Premium Tax Credits (APTCs), so if you have employees whose incomes would qualify them for federal financial assistance, think about how an ICHRA would impact their monthly premium payments. Although employees can choose to opt out of accepting the ICHRA, the act of offering it could make them ineligible for APTCs.

Establishing ICHRAs can be complicated. You can learn more by working with your broker, or checking out : cms.gov/CCIIO/Programs-and-Initiatives/Health-Insurance-Market-Reforms/Health-Reimbursement-Arrangements.html