



## Alliance for Health Reform Briefing

### The Evolving Coverage Landscape for Small Businesses: Opportunities and Challenges

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Sabrina Corlette, J.D.  
@SabrinaCorlette



## Presentation Overview

- Why Small Group Reforms?
- What Small Group Reforms?
- Implementation Challenges
- What's Next?



## Small Group: A Market in Decline

- **Small business coverage declining**
  - 44.5% offering coverage in 2002 to 35.2% in 2012
- **Pre-ACA problems:**
  - High & volatile premiums
  - Lack of market leverage
  - Higher admin costs
  - Minimum participation/contribution requirements
  - Less generous coverage
  - Less choice



## Affordable Care Act: Small Group Market Reforms

- **Insurance market reforms\***
  - Rating rules
  - Essential health benefits
  - Pre-existing condition exclusions
  - Out-of-pocket costs
  - Minimum participation/contribution requirements
- **SHOP - employee choice**
- **Small business tax credits**

\*Grandfathered plans mostly exempt



## Implementation Challenges

- “Grandmothered” plans – the Administration’s transitional policy
  - Adopted in most states
  - Delays impact of insurance reforms up to 2017
- SHOP stumbles
- Tax credits: “more trouble than they’re worth”



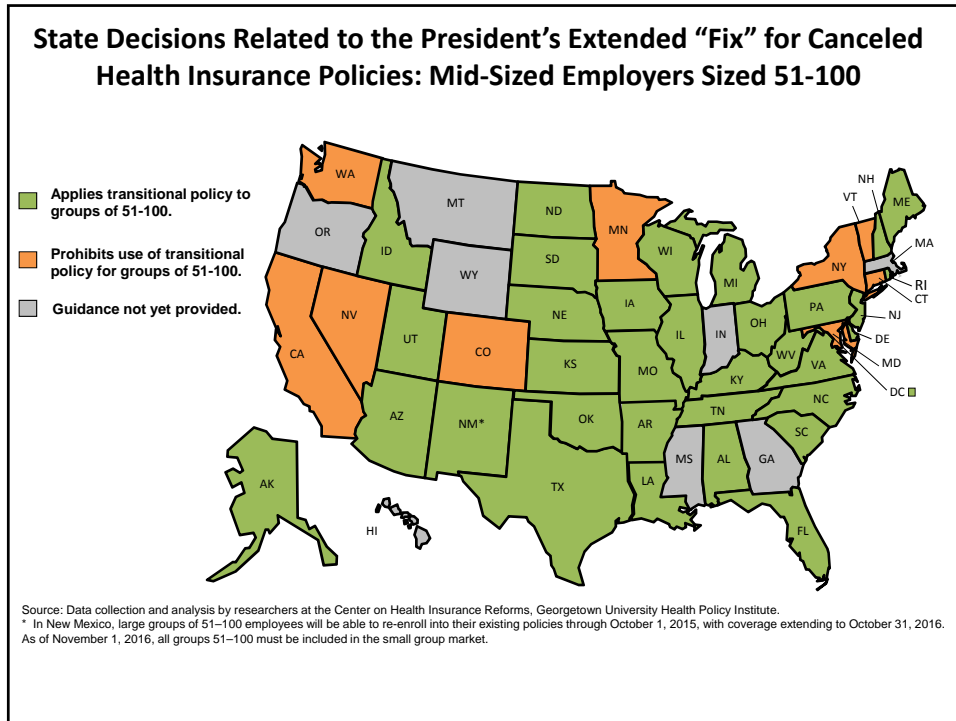
## Future of Small Group Market?

- Transitional policy: kicking the can
- Change in small group definition
- Self-funding
- Shifting employees to non-group marketplaces/ Medicaid



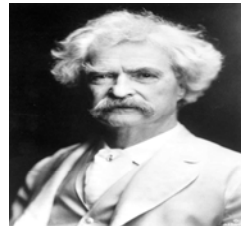
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## Future of Small Group Market?

“The reports of my death have been greatly exaggerated.” – Mark Twain



...but the patient needs monitoring

Thank you! Questions?

**Sabrina Corlette, J.D.**

Senior Research Fellow

(202) 687-3003

[sc732@georgetown.edu](mailto:sc732@georgetown.edu)

@SabrinaCorlette

