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Letter from the President

Dorota Gasienica-Kozak, Esquire, King, Spry, Herman, Freund, & Faul, LLC
Chair, Public Policy Committee
610-332-0390 • dkozak@kingspry.com

ON YOUR RADAR! Could Healthcare Age Rating Methods Cause Age Discrimination?

At a recent Healthcare Committee meeting of Public Policy, there was much discussion about how New Age Banded Rating Methods are raising concerns that they may create discrimination against employees, young and old, as a result of Age Rating Methods in Health Insurance for employers.

According to Rocky Gencarelli of Meiers Insurance, the “Small Group” definition is expanding in 2016 to include employer groups with 51-99 employees, which pulls them into the age banded rating equation. Today, this applies only to groups with 1-50 employees, which means employer groups that haven’t had to deal with these issues before will need to address potential discrimination and price increases.

Under the Affordable Care Act, the Small Group is defined by State Legislation and the definition is based on the average total number of employees wherein all W-2 eligible employees are counted per pay period and divided by the total number of pay periods for the average number of employees calculated using the prior calendar year. With this type of definition, a carrier may not discriminate on gender, but the carrier may discriminate on age, as this is aged-based and assessed by member level rates in individual and insured small group markets. This may give employers a reason to discriminate based on age of a particular employee, however, under the Age Discrimination in Employment Act, employers will need to be mindful so as to abide by the law in their hiring and firing strategies as a result of this issue.

Rocky recommends the following article from Life and Health Magazine, which defines the implications of the expanded definition.

www.lifehealth.com/aca-redefines-small-groups/

Since this may impact our members, and since it does not seem to be currently on our Legislature’s radar, it is important to highlight this potential issue to ensure that Small Group rating changes do not, in fact, have a reverse effect, giving employers a reason to discriminate against older employees to offset health insurance costs.