

**District of Columbia Health Benefits Exchange (DC HBX)**  
**Insurance Subcommittee**  
**FAQ: Small Business Owners and the DC HBX**  
**October 2012**

**1. Is the District closing the commercial insurance market?**

- No, the District is not shutting down the commercial insurance market. The recommendations adopted by the DC HBX Executive Board organize commercial small group and individual plans in the DC HBX insurance marketplace.
- There are several reasons for unifying the market in the Exchange, including;
  - The District being a small jurisdiction both in terms of geography and demographics and needs economies of scale to support a robust and effective DC HBX;
  - This market structure will provide a consistent consumer experience for all small business owners and individual purchasers;
  - Individuals, small business owners, agents and brokers (producers) will have access to information on all health insurance plans available in the District in one easy to navigate portal; and
  - Individuals and small business employees will be able to compare and select from a wider array of available health insurance plans.

**2. What benefits will the District's Exchange provide to small businesses?**

- The DC HBX is a tool to use in purchasing individual and small group insurance.
- The DC HBX will provide transparency that does not currently exist by creating a single source to review price, quality, customer service information, and other consumer focused measures about all health plans available in the District.
- Due to the selection of the largest small group plan currently available in the District as the benchmark for all health insurance plans sold in the market in 2014 (essential health benefits or EHB), small employers will be able to choose a plan similar to what is currently being offered to employees, but without adding additional administrative costs or burdens on the employer. In addition, employees will be able to select from a wider array of plans to best suit their needs.
- The DC HBX will expand options available to small business owners and their employees.

**3. Will the DC HBX reduce competition in the District health insurance market?**

- No, the DC HBX will increase competition by creating a web portal where health insurance plans will have to transparently compete on the basis of price, quality of care, and customer service.
- The only limitations put on plans offered in the DC HBX are those mandated in the Affordable Care Act (ACA) and existing District law. The DC HBX Executive Authority Board may also adopt additional QHP requirements and this process will be open to stakeholders prior to any potential implementation.

**4. President Obama said that if I like my plan, I can keep it. Is this true?**

- Individuals and small businesses that have been covered by the same insurance plan since the federal health care law took effect on March 23, 2010 can keep the same plan.
- These plans are called “grandfathered plans.”
- If plans do not have significant variance from their pre-March 23, 2010 design, they are considered “grandfathered” and exempted from most ACA requirements.
- Further federal guidance is pending on grandfathered plans.

**5. Who will participate in the DC HBX?**

- District based small groups with 2 to 50 members will participate in the DC HBX insurance marketplace in addition to individuals who directly purchase health insurance coverage.

**6. How will the roll out of the DC HBX occur for small businesses leading up to January 1, 2014?**

- Open enrollment for all DC HBX participants will begin on October 1, 2013.
- Small business employers will be able to renew coverage, granted it contains benefits in all ACA mandated EHB benefit areas and meets minimum QHP standards, through their existing broker or benefits manager.
- Grandfathered plans will be exempted from operating in the DC HBX insurance marketplace.

**7. What tax credits are available for small business employers who cover their employees through the DC HBX?**

- For tax years 2010 through 2013, the maximum credit is 35% of the cost of covering employees. It is 25% for tax-exempt employers.
- The tax credit increases on January 1, 2014 to 50% and 35%, respectively.

**8. What are the penalties if a small business employer does not offer coverage to employees?**

- There are no penalties for not offering coverage to employees for small businesses with 50 or fewer employees.

**9. How will small business owners select coverage for their employees through the DC HBX?**

- ACA mandates that employers be allowed to select a “metal level” from which their employees can select any available plan.
  - There will be four “metal levels” in the DC HBX insurance marketplace for small businesses that are divided by actuarial values\* (Bronze being the most limited small group tier and Platinum being the richest).
- Small business employers will have options for determining how to split costs between themselves and employers.
- The DC HBX Executive Board and the Insurance Subcommittee are currently soliciting public feedback on additional plan selection methods. Please visit [healthreform.dc.gov](http://healthreform.dc.gov) or contact Brendan Rose ([Brendan.Rose@dc.gov](mailto:Brendan.Rose@dc.gov)) for additional information.

**10. What information will be available for individuals and small business employers to compare plans in the DC HBX insurance marketplace?**

- Some of the information available will include the ability to;
  - Compare premiums,
  - See quality ratings, accreditation, and customer service measures,
  - Compare and evaluate provider networks, and,
  - See cost examples for various medical needs (pregnancy, broken arm, emergency room visits, etc.).

Do you have a question about the DC HBX that was not answered here?

Please e-mail your question to [healthreform@dc.gov](mailto:healthreform@dc.gov) and we will respond directly and revise the FAQ as soon as possible.

*\*Actuarial value represents the amount of money an individual can expect to pay out of pocket compared to the amount paid by the insurance plan. For example, a “silver” plan with an actuarial value of 70% means that an individual can expect to pay 30% of all costs out of pocket through a combination of co-pays and deductibles.*