



DC Health Benefit
Exchange Authority

Securing A Healthier Future for the District of Columbia

Small Business Owners

Frequently Asked Questions

Q. Is the District closing the commercial insurance market?

A. No, the District is not closing down the commercial insurance market. The Health Benefit Exchange (“HBX”) Executive Board adopted recommendations to unify commercial small group and individual plans within the District’s Exchange insurance marketplace. There are several reasons for the Board’s decision, including:

- The District is a small jurisdiction both in terms of geography and demographics and needs economies of scale to support a robust and effective 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.

Q. What benefits will the District’s Health Benefit Exchange provide small businesses?

A. The District’s HBX will provide transparency for selecting health coverage 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 among plans virtually identical to those currently available.

The District’s HBX will expand the health coverage options available to small business owners and their employees. Employees will be able to select from a wider array of plans to best suit their needs without adding additional administrative costs or burdens on the employer.

Q. Will the HBX reduce competition in the District health insurance market?

A. No, the District’s 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 on plans offered in the District’s HBX are those mandated in the Affordable Care Act and existing District law. The Health Benefit Exchange Executive Board may also adopt additional QHP requirements, which will be explored with stakeholder input and participation.

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

A. 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.

Q. What businesses will be able to participate in the District’s Health Benefit Exchange?

A. District based small businesses with 1 to 50 employees will be eligible to participate in the District’s Exchange insurance marketplace. Beginning in 2016, businesses with up to 100 employees will be eligible to participate in the District’s HBX.

Q. How will the roll out of the District’s Health Benefit Exchange occur for small businesses leading up to January 1, 2014?

A. Open enrollment for all HBX participants will begin on October 1, 2013 for plans that will be effective on January 1, 2014. Small business employers will be able to choose coverage in the Exchange through their existing broker or benefits manager during their regular renewal time. Grandfathered plans, those in place since March 23, 2010, will be exempted from operating in the District’s HBX insurance marketplace.

Q. What tax credits are available for small business employers who cover their employees through the District’s Exchange?

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

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

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

Q. How will small business owners select coverage for their employees through the District’s Exchange?

A. The 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” of plans available to small businesses in the HBX insurance marketplace. The metal levels are organized based on the portion of expected medical costs covered by the plan, otherwise referred to as “actuarial value” (AV). Bronze plans would have a 60% AV, silver plans a 70% AV, gold plans a 80% AV, and platinum plans a 90% AV.

Small business employers will have options for determining how to split premium costs between themselves and employees.

The D.C. Health Benefit Exchange Authority is charged with implementing and operating the District of Columbia’s health insurance exchange in accordance with the Patient Protection and Affordable Care Act (PPACA). The Authority ensures access to quality and affordable health care for all residents and small businesses in the District of Columbia.