

## SMALL GROUP MARKET MAY REMAIN AT 50 & UNDER

*By Emily Tonkovich*

President Obama signed the PACE Act into law. This law allows the states to maintain the current 1-50 employee definition of small group and gives states the ability to expand the small group definition up to 100 employees.

Previously, the definition of small group was set to change to 100 or fewer employees beginning in 2016. Insured small groups are subject to certain requirements that frequently result in higher costs, such as using community ratings and covering all Essential Health Benefits. Allowing states to maintain the 1-50 employee definition of small group will result in a cost-savings for some employers in the 51-100 employee range.

Moving forward, states need to decide whether they will implement the 1-50 employee small group definition or if they will use a definition in the 51-100 range. At this time, Arizona, Arkansas, Connecticut, Louisiana, Maryland, Michigan, Mississippi, New Hampshire, Oklahoma, Utah, and Wisconsin have all decided to maintain the 1-50 employee definition of small group. Nevada and Illinois will maintain this definition as well, however, it will not be effective until the second quarter.

Some fully insured employers in the 51-100 employee range have already renewed as small group for 2016 but are located in states where the small group market will remain at 1-50 employees. If you are in this position, your BRSi Benefit Advisor will work closely with your insurance carrier and keep you up-to-date on any required changes.

The PACE Act only changes the definition of small group for the purpose of whether the employer should be in the small group or large group insurance market. **It does not change the requirement that employers with 50 or more employees comply with the Employer Mandate or Employer Reporting Requirements.**

*Disclaimer: This email is for informational purposes only. It is not intended to be exhaustive and should not be construed as or substituted for legal or tax advice. Please consult with legal counsel or a tax advisor for further guidance.*

Benefit Review Services, Inc.  
43370 Mound Road  
Sterling Heights, MI 48314  
586.997.1700  
[www.brsibenefits.com](http://www.brsibenefits.com)

To view all articles, click [here](#).