



WHAT ARE BENEFITS CONSORTIUMS?

They allow small businesses to come together as a single large pool to **spread risk, reduce costs**, and **obtain lower premium rates** than existing small group coverage.

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ALLOWING BENEFITS CONSORTIUMS FOR SMALL BUSINESSES

WHY IS THIS BILL IMPORTANT?

Benefits consortiums will **expand access** and **lower premiums** for small businesses across the Commonwealth. The five pillars that underpin this concept are that benefits consortiums will:

→ PROVIDE BROAD ACCESS TO SMALL BUSINESSES

- ▶ Small businesses with 1-50 employees are eligible for coverage, regardless of health history
- ▶ Health status cannot be a condition of participation
- ▶ Guaranteed renewable

→ DELIVER LOWER PREMIUMS

- ▶ Premiums are anticipated to be 15-20% less than those currently found in the small group market
- ▶ All excess reserves must be used to the benefit of participating members

→ **ENSURE QUALITY COVERAGE**

- ▶ Plans must provide the ACA Essential Health Benefits
- ▶ Available coverage is comparable to the ACA's four "metal" categories: Platinum, Gold, Silver, and Bronze

→ **OFFER STRONG CONSUMER PROTECTIONS**

- ▶ No exclusions for preexisting conditions
- ▶ Prohibited from establishing discriminatory rules based on health status
- ▶ Consortiums must be annually audited, carry liability insurance, maintain specific and aggregate reinsurance, and have terminal liability insurance.

→ **MAINTAIN FINANCIAL SECURITY AND SOLVENCY**

- ▶ Must be licensed and authorized by the Bureau of Insurance
- ▶ Must meet the same financial and solvency requirements as all other domestic insurers, currently a \$4.5 million minimum reserve
- ▶ Requires actuarially sound underwriting practices, and provide certification annually
- ▶ Subject to ERISA and DOL requirements
- ▶ Sponsoring association must be a non-profit in existence for at least 5 years, formed for purposes other than benefits, and establish a member-managed trust to administer the program

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