

# AmeriHealth New Jersey (AHNJ) Small Group Renewals Frequently Asked Questions (FAQ)



## Rating Methodology

Question	Answer
<p><b>How did the Affordable Care Act (ACA) change the small group rating methodology?</b></p>	<p>The key differences in rating methodology are outlined below.</p> <p><b>Pre-ACA</b></p> <ul style="list-style-type: none"> <li>▪ Used tier rates with aggregate age/gender factor</li> <li>▪ Tier rates remained the same for the entire policy year, even as members were added or removed, regardless of: <ul style="list-style-type: none"> <li>▫ Employee’s age/gender</li> <li>▫ Spouse’s age/gender</li> <li>▫ Number and age of child dependents</li> <li>▫ Carrier-specific age/gender curve</li> </ul> </li> </ul> <p><b>Post-ACA</b></p> <ul style="list-style-type: none"> <li>▪ Use member-level age rating</li> <li>▪ Premium charged may vary throughout the year as members are added/removed from the group, based on: <ul style="list-style-type: none"> <li>▫ Member age</li> <li>▫ Number of child dependents</li> </ul> </li> <li>▪ Mandated age curve</li> </ul>
<p><b>Are off-anniversary benefit changes allowed?</b></p>	<p>Yes, groups are allowed to make benefit downgrades or add a new plan of a lower value off-anniversary. The premium charged will reflect the filed base rates for the effective date of the change. For example, a customer with a January anniversary adds a second plan in July; the new plan will be quoted using filed third quarter base rates. Only benefit plans available at the time of the change (<i>effective date of change</i>) may be quoted.</p> <p><i>Additional Underwriting Guidelines may apply.</i></p>
<p><b>Why are the vision rates reflected on a tier basis and my medical rates are on a per member basis?</b></p>	<p>The tier approach for vision coverage is due to the freestanding vision benefit being an <b>adult only</b> buy-up program. As per Affordable Care Act requirements, Vision benefits for dependents under the age of 18 are included in the medical program as an Essential Health Benefit (<i>pediatric vision benefit</i>). Additionally, member level rating is not applicable to the adult only vision buy-up plan. Therefore, the single rate for the adult only program represents the per member per month cost.</p>

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## Premium Summary Calculation

Question	Answer
<b>Why is the renewal's Current Monthly Premium not matching the customer's pre-renewal invoice?</b>	<p>The premium Summary Calculation included in the renewal package is an estimate for illustrative purposes only. The customer's pre-renewal invoice will not match the Current Monthly Premium reflected on the premium summary due to the following.</p> <ul style="list-style-type: none"><li>▪ <u>Changes in enrollment (additions/removal)</u> - The census used in the premium summary is a snapshot of the enrollment at the time the renewal was developed. The customer invoice may reflect enrollment that is different due to the addition or removal of membership.</li><li>▪ <u>Member Age</u> – The Current Monthly Premium is based on the member's age as of the renewal anniversary date. The invoice will be based on the member's applicable age prior to the anniversary date.</li></ul> <p>For additional information on this topic, please continue reading the Premium Summary Calculation section of this FAQ.</p>
<b>How is the Premium Summary Calculation developed?</b>	<p>For purposes of transparency, AHNJ chose to have the Premium Summary Calculation reflect our filed rate changes. To achieve this result, the Premium Summary Calculation was developed based on the following.</p> <ul style="list-style-type: none"><li>▪ To prevent the premium change from being skewed due to the impact of aging-up and changes in enrollment, both the current and estimated monthly premium amounts are based on:<ul style="list-style-type: none"><li>▫ Census at time of renewal</li><li>▫ Member age as of the renewal anniversary date</li></ul></li><li>▪ Current Monthly Premium reflects the filed base rates and factors as of the effective date of the current policy year</li><li>▪ Estimated Monthly premium reflects the filed base rates and factors as of the effective date of renewal policy year</li></ul>

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## Premium Summary Calculation (continued)

Question	Answer
<p><b>Did AHNJ consider any other methods for developing the Premium Summary Calculation?</b></p>	<p>Developing the Premium Summary Calculation proved to be difficult as a result of the Affordable Care Act's complex rating requirements. AHNJ carefully considered multiple methods for defining Current Premium; as outlined below, each method had its own challenges.</p> <p>We decided on a method which calculates the census based on the member's age as of the renewal anniversary date. We feel this most accurately portrays the change in member level premium for a specific age and it produces a rate change at the benefit plan level that aligns with our filed rate changes.</p> <p>Under member level rating, there are multiple ways to define Current Monthly Premium:</p> <ul style="list-style-type: none"><li>▪ Most recent invoice amount when renewal is developed</li><li>▪ Average of the year-to-date invoice amounts</li><li>▪ Renewal census based on member's age at the time member joined the plan</li><li>▪ Renewal census based on member's age at renewal (<i>AHNJ Method</i>)</li></ul> <p>If we had elected one of the other methods referenced above, the percentage change may still not accurately reflect the increase that an employee may realize:</p> <ul style="list-style-type: none"><li>▪ Some members are not impacted by aging-up due to the timing of when they joined the group and/or when they had a life event change</li><li>▪ Aging-up impact varies by age for those over 21</li><li>▪ Child medical factors are unchanged below age 21<ul style="list-style-type: none"><li>▫ the impact of aging on an employee with child dependents is different than a single employee of the same age</li></ul></li></ul> <p><i>You should also note that some carriers in our marketplace elected to exclude a change in premium exhibit and only included an estimate for the renewal premium.</i></p> <p><b>Regardless of definition chosen, the Estimated Monthly Premium for the renewal period is not impacted.</b></p>

*Please note the above responses are subject to change based on revised state or federal requirements.*