



# health reform

Keeping you connected to the Affordable Care Act

## 2014 member-level age rating for small businesses

### What is it?

Beginning January 1, 2014, the Affordable Care Act (ACA) requires a new rating structure for health insurance carriers issuing coverage to small businesses to rate those health plans at the member's age rather than the subscriber or employee's age.

The new member-level rates must adhere to these standard age ranges, or age bands, established by the ACA:

- Children: **A single age band** covering children ages 0 to 20, where all rates are the same.
- Adult: **Single-year age bands** covering individuals between ages 21 to 63.
- Older Adult: **A single age band** covering individuals age 64 and older, where all rates are the same.

Rates for Adults will be based on a 3:1 age band (as defined below), and Blue Shield will begin to rate each employee and their dependent(s) based on the employee's residence ZIP code.

### What does it mean for me and my employees?

The 3:1 age band rating for Adults between ages 21 to 63 means that carriers cannot charge their oldest customers more than three times what their youngest customers pay for their rates. Children 0 to 20 and Older Adults 64 and older are in separate rating tiers. The goal of the 3:1 age band is to ensure that rates are affordable for everyone, regardless of age or health status.

### Family rating

For subscribers with a policy that covers more than three dependent children (under 21), the total *Family Rate* will include the rates for all covered adults and a maximum of three of the oldest "covered children." Additional dependent children (under 21) will have a rate of \$0.

### Why choose Blue Shield?

**Affordable** and **flexible product options**.

**Coverage** and **quality** you want.

The **network strength** you look for.

The **cost controls** you need.

All from a **name you can trust**.

## Here's an example of what you and your employees can expect in 2014:

Rates shown are for example purposes only and do not reflect rates of any products offered by Blue Shield of California.

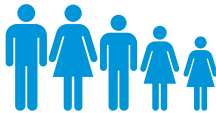
### Subscriber-only coverage (no dependents)



Henry Jones: Adult, 45 years old

Rate: \$270

### Family coverage: subscriber, dependent spouse/domestic partner, 3 dependent children



John Smith: Adult 1, 29 years old

Rate: \$210

Sally Smith: Adult 2, 28 years old

Rate: \$200

Joe Smith: Child 1, 16 years old

Rate: \$133

Michelle Smith: Child 2, 12 years old

Rate: \$133

Rebecca Smith: Child 3, 10 years old

Rate: \$133

### Family coverage: subscriber, dependent spouse/domestic partner, 4 dependent children



Lisa Williams: Adult 1, 47 years old

Rate: \$290

David Williams: Adult 2, 46 years old

Rate: \$280

Laura Williams: Child 1, 17 years old

Rate: \$133

John Williams: Child 2, 14 years old

Rate: \$133

Jeff Williams: Child 3, 9 years old

Rate: \$133

Lucas Williams: Child 4, 7 years old

**Rate: \$0**

## What's next?

Beginning January 1, 2014, a member's age at the time of enrollment will be used to determine their individual rate and the employee's residence ZIP code will determine their rating region. For current Blue Shield customers, these changes will take place upon their 2014 renewal. Rates will continue to be guaranteed for 12 months from the date the contract is issued or renewed.

### Learn more about the Affordable Care Act (ACA)

Visit our website for more information about the ACA, its many requirements, and how we're preparing for the changes ahead. Go to [blueshieldca.com/employer-aca](http://blueshieldca.com/employer-aca), or contact your broker or Blue Shield representative.