



**MEMORANDUM**  
**2014-1**

**TO: PRIMARY AUTHORIZED AGENTS--POLITICAL SUBDIVISIONS**

**FROM: NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM**

**DATE: APRIL 2014**

**SUBJECT: HEALTH INSURANCE PLAN EMPLOYER MINIMUM PARTICIPATION, CONTRIBUTION REQUIREMENTS AND ACA COMPLIANCE UPDATE FOR PARTICIPATING POLITICAL SUBDIVISIONS**

In order for a political subdivision to participate in the North Dakota Public Employees Retirement System (NDPERS) health plan, the group must meet the minimum participation and minimum contribution requirements set forth by Blue Cross Blue Shield of North Dakota (BCBSND) and approved by the NDPERS Board. The group must also comply with the requirements of the Affordable Care Act (ACA) in order to maintain its eligibility for coverage. An outline of the requirements for each of these provisions is outlined below.

**Minimum Participation**

The Underwriting Requirements for minimum participation require that a certain number of eligible employees participate in the plan based upon the size of the employer group. This determination is based on a comparison of the number of full-time employees to the number of employees enrolled for coverage. An employer group must have a minimum of two (2) participants enrolled for coverage.

**Minimum Contribution**

The minimum contribution requirements have been in effect since May 1, 2004 and require all groups that enroll in the NDPERS health plan on or after that date to pay a minimum employer contribution, which is defined as at least 50% of the single premium. Employer groups participating prior to May 1, 2004 are not subject to these requirements. However, if you were in compliance at the time these guidelines went into effect, you are required to maintain your compliance and may not change your policy in the future to pay less than 50% of the single premium. The purpose for both of these requirements is to prevent adverse selection to the plan, which could increase the premiums for participants.

**Affordable Care Act (ACA)**

Additionally, to ensure compliance with the Affordable Care Act (ACA) and to monitor your ongoing eligibility as a grandfathered plan you must notify NDPERS 90 days prior to implementing any changes in your employer contribution rate. The ACA specifies that an employer will lose grandfathered status if they reduce the employer contribution rate by more than 5% of the contribution rate that was in effect on March 23, 2010. In addition, the ACA indicates that an employer must have at least 1 individual continuously covered on the employer plan since March 23, 2010. If it is determined that a reduction of the employer contribution or a lapse in coverage will result in the plan losing its grandfathered status, NDPERS will move your group to the non-grandfathered plan and your premiums will be adjusted accordingly. If this occurs, written notification will be provided to the employer.

**In addition, if you are a small employer group as defined by the ACA as 50 employees or less for 2014 and 100 employees or less in 2016, and are on the non-grandfathered plan, you will lose your eligibility to participate in the NDPERS health insurance as of July 1, 2014.** For those impacted employers, NDPERS has provided notice and BCBSND will be providing options for other ACA compliant coverage. After July 1, 2014, small employer groups that lose their grandfathered status will be transitioned off the NDPERS group health insurance plan and will be provided options by BCBSND for ACA compliant coverage as well.

To verify compliance with these policies, each fall BCBS conducts an annual survey of participating political subdivision employers. However, we are providing this information, should you be planning any time during the year to make changes to either your participation or employer contribution rates to the NDPERS group health insurance plan.

If you have questions, please contact Onalee Sellheim (BCBS) at (701) 282-1180 or Rebecca Fricke (NDPERS) at (701) 328-3978.