



U.S. Virgin Islands

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Virgin Islands

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DEFINITION OF SMALL GROUP MARKET TO REMAIN AS 1-50

Health insurers are inquiring whether the U.S. Virgin Islands will retain its definition of small group market size as 1-50 beginning January 1, 2016, now that the Protecting Affordable Coverage for Employees Act (PACE Act) has passed. This Bulletin is promulgated to inform the Centers for Medicare & Medicaid Services (CMS), health insurers and the general public that the definition of small group market for healthcare and health insurance purposes shall remain unchanged in the Virgin Islands.

The Patient Protection and Affordable Care Act ("PPACA") and the Public Health Service Act ("PHSA") established "small group market size" as 1-50, for purposes of a small group health insurance plan. The U.S. Virgin Islands adopted PPACA's definition of "small group market size", prior to the redetermination by the U.S. Department of Health and Human Services that PPACA, commonly known as the "Affordable Care Act" or "ACA", does not apply to the U.S. Virgin Islands or any of the territories. As you are aware, ACA provided many changes in its requirements over a period of time. One of the changes to become effective January 1, 2016 under ACA is the redefinition of employers with 51 to 100 employees as "large" employer. This expansion would require these employers to expand their plan to include the 10 essential health benefits, which would likely increase their premiums.

Realizing the ramification of expanding the small group market, on October 7, 2015 President Barack Obama signed into law the PACE Act, enacted as Public Law 114-60. The PACE Act amends section 1304(b) of ACA and section 2791(e) of the PHSA to revise the definition of small employer for purposes of small group market reforms under ACA and the PHSA.

Effective January 1, 2016, the PACE Act will give states and territories the option by election, to either maintain the current definition of small group or change the definition of small employer to include groups of 51-100. Accordingly, if a jurisdiction elects to expand its definition of small group, then employers with 51-100 full-time employees may fall into the small employer category where underwriting standards will change, meaning that such groups will be subjected to community rating and required to offer essential health benefits for the first time.

Through the PACE Act, CMS allows states and insurers to renew current policies through October 1, 2016 or to elect to apply the new definition of "small employer".

The U.S. Virgin Islands does not elect to extend its definition of small group market. In concert with a majority of the states and territories, the definition of small group market size for purposes of a small group health insurance plan shall remain as 1-50 for legislative and regulatory purposes in the U.S. Virgin Islands during Year 2016 and thereafter, until further notice.

Dated: October 30th, 2015



Osbert E. Potter
Lieutenant Governor/Commissioner of
Insurance

