

INSURANCE COVERAGE AFFORDABILITY AND RELIEF TO SMALL EMPLOYERS (ICARE)

Small businesses are the backbone of the Kentucky economy but often struggle to absorb the burden of rising health insurance costs. Recognizing this, Governor Ernie Fletcher created a program – the Insurance Coverage Affordability and Relief to Small Employers (ICARE). The initiative was enacted by the 2006 Kentucky General Assembly and placed under the supervision of the Kentucky Office of Insurance.

ICARE is a pilot program designed to help Kentucky employers pay premiums for workers. It is not a health insurance plan.

To be eligible, an employer must:

- ☑ Employ 2-25 people (full-time or full-time equivalent – explained in detail later in this publication),
- ☑ Pay at least 50 percent of the employee's premium for single coverage, and
- ☑ Pay an average annual salary of no more than \$51,510, which is 300 percent of the federal poverty guidelines for a family of three. Salaries of any owners and employees who are ineligible are not included in this average.



If a small business is eligible based on the above criteria, the program has two levels of health care incentive payments to reimburse employers for the cost of premiums:

- \$40 per eligible employee per month if the employer has not offered health insurance for the past 12 months. The monthly amount decreases by \$10 each subsequent year of the program.
- \$60 per eligible employee per month for an employer group if at least one employee has a defined high-cost condition. The monthly amount decreases by \$15 each subsequent year of the program.

Governor Fletcher's initiative to Get Healthy Kentucky includes an awareness of the importance of early prevention and a promotion of good diet and exercise habits. In keeping with this goal, insurers in the ICARE program will provide health risk assessments for eligible employees. This will encourage prevention and early treatment while promoting healthy behavior and will provide important information to employees. After July 1, 2007, insurers participating in the program must offer a healthy lifestyle discount.

The Kentucky Office of Insurance administers the program. Enrollment may be limited, based on funding available. For more information call the ICARE program at **877-ICARE07 (877 422-7307)**.

BASIC INFORMATION

How does an employer sign up for the ICARE program?

Download an application online by going to <http://icare.ky.gov> Applications also are available by contacting any Kentucky-licensed health insurance agent. Important note: An agent must complete a portion of the application.

The original ICARE application and all required attachments must be mailed to ICARE Program, PO Box 495, Frankfort, KY 40602. The address for overnight, express or hand delivery is 46 Mill Creek Park, Frankfort, KY 40601. Faxed or e-mailed applications will not be accepted.

Employers must verify income of employees as part of the application.

If an employer submits a substantially complete application, the process should be completed in 60 days. If an employer is denied enrollment in ICARE, instructions for filing an appeal will be included in the denial letter.

How does an employer calculate the full-time or full-time equivalent eligibility requirement?

In order to determine eligibility, businesses should follow these steps:

1. Count the total number of employees who work at least 25 hours per week.
2. For those employees working fewer than 25 hours per week, add the total number of average hours worked by each person per week. Divide that number by 25 and round up or down to the nearest whole number.
3. Add the final numbers in 1. and 2. to calculate the total number of full-time or full-time equivalent employees.



For example, Company A employs 28 workers. Of the 28, 24 worked at least 25 hours per week during the past year. Two of the remaining four employees worked an average of 10 hours per week during the past year; the other two worked an average of 5 hours per week. To calculate based on formula above:

1. 24 (employees who work at least 25 hours per week).
2. $10+10+5+5=30$ (average hours of employees working fewer than 25 hours per week).
3. 30 divided by 25 and rounded to the nearest whole number = 1.
4. $24 + 1=25$ full-time or full-time equivalent employees.

Company A is eligible for ICARE because it employs 2-25 people.

Company B employs 28 workers with 24 working at least 25 hours per week. The remaining four employees work an average of 20, 15, 15 and 5 hours.

1. 24 (employees who work at least 25 hours per week).
2. $20+15+15+5=55$.
3. 55 divided by 25 and rounded to the nearest whole number = 2.
4. $24+2=26$ full-time or full-time equivalent employees.

Company B would not be eligible for ICARE because it employs 26 people, not 2-25.

How much money is available for the program?

The ICARE budget for the first two years of the program is \$20 million. Applications will be accepted on a first come, first served basis. Enrollment will be limited to ensure that the \$20 million appropriation is not exceeded. Designed as a pilot, additional legislation will be required to fund the program after the first two years.

What health insurance companies are participating?

Governor Fletcher wanted to maintain and encourage choice and competition. Accordingly, all companies marketing to small groups or group associations must participate in ICARE. Those companies are Aetna Health, Aetna Life Insurance Company, Anthem Health Plans of Kentucky, Bluegrass Family Health, CHA Health, Humana Health Plan, John Alden Insurance Company, Principal Life Insurance Company, Trustmark Insurance Company, Union Security Insurance Company, United HealthCare Insurance Company, United HealthCare of Kentucky and United HealthCare of Ohio.

Small businesses already offering health insurance must have an employee with a high-cost condition in order to be eligible for an incentive payment. What are those defined conditions?

The high-cost conditions are anoxic brain injury (limited to anoxic brain injury associated with drowning and nonfatal submersion or intrauterine hypoxia and birth asphyxia); ascites; back disorders (limited to



lumbar or lumbosacral disc degeneration and lumbar disc displacement); brain tumor; burn (limited to full-thickness skin loss including 10 percent or more of body surface); cancer (limited to Ewing's sarcoma, Hodgkin's disease, leukemia, lymphoid leukemia, malignant neoplasm of the breast, metastatic cancer, myeloid leukemia or primary cancer); cirrhosis of the liver; endocrine disorder (limited to insulin dependent diabetes mellitus or enzyme deficiency disorders, limited to inherited metabolic disease); heart condition (limited to acute myocardial infarction, angina pectoris, cardiac valve disorders,

cardiomyopathy, congenital cardiac anomalies, coronary insufficiency, coronary occlusion, heart failure, injury to heart or lung, ischemic heart disease, pulmonary atresia, pulmonary hypertension or status post open-heart surgery); hemophilia; hypersomnia with sleep apnea; lung condition (limited to chronic airway obstruction, diseases of the lung or post inflammatory pulmonary fibrosis); kidney condition (limited to chronic renal failure, end stage renal disease or polycystic kidney); morbid obesity; multiple sclerosis; organ or tissue replaced by transplant; psychotic disorder; rhabdomyolysis; stroke or trauma (limited to fracture or complete lesion of cord, or multiple trauma).

Will a group be removed from the program if situations change and the business no longer meets the criteria for participation?

Not immediately. Employers will be required to re-establish eligibility at annual ICARE renewal. If the employer no longer meets the requirements for the option chosen, the business will not be allowed to continue participation in ICARE.

The amount of the health care incentive may decrease even if the employer remains eligible. For example, if a company has 10 employees at the time of application and is approved under the "high-cost condition" option, the monthly reimbursement would be \$600. But, if the company's payroll later drops to eight employees, the reimbursement will fall to \$480.

In addition, the amount of the health care incentive will not increase once an application is accepted. For example, if a previously uninsured group begins the ICARE program with 10 eligible employees, the employer will receive an incentive payment of \$400 per month. If two new employees are added to the payroll, the reimbursement will not increase but will remain at \$400.

Will companies in border states that employ Kentuckians be eligible?

No, a company must be located in Kentucky and meet all other eligibility requirements.

What is “healthy lifestyle” and what discount will be available?

The discount criteria and amount will be developed by the insurers and may vary.

How will the monthly incentive checks be paid?

The monthly health care incentive payments will be issued directly to the employer of the eligible small group once the Office of Insurance has received proof of premium payment from the insurer. Checks are scheduled to be sent at the end of each month.

Does the plan cover part-time employees or dependents?

Employees who are eligible for coverage under an employer-sponsored health benefit plan are defined in the contract with the insurer. If part-time employees are included under the contract and the employer meets other eligibility requirements, the company will receive incentive payments for those workers. If covered under the contract, dependents could also receive health insurance but would not be eligible for a health care incentive payment.



For purposes of participation in the ICARE program, an “eligible employee” cannot be someone who is 65 or older, is eligible for Medicare, or who does not meet eligibility as outlined in the contract between the employer and the insurer.

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