

# The SHOP Marketplace



Health Insurance Marketplace

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# What is the SHOP Marketplace?

## SHOP = Small Business Health Options Program

- Part of the Health Insurance Marketplace created by the Affordable Care Act (ACA)
- Offers employers a choice of health insurance plans and dental plans and tools for making informed choices
- Offers qualified small employers access to the enhanced Small Business Health Care Tax Credit—now worth up to 50% of employer's premium contributions
- Works with new insurance reforms to spur competition based on price and quality

**Note:** If you have fewer than 50 full-time-equivalent employees, you're not required to offer health insurance, and there's no penalty if you choose not to.

# Who Can Purchase SHOP Coverage?

## **Small employers who:**

- Have 50 or fewer full-time employees in 2014
- Have at least one common law employee
- Offer coverage to all of their **full-time** employees
  - Employees working on average 30 or more hours per week
- Meet minimum participation rates
  - In many states using Federally Facilitated SHOP Marketplace, at least 70% of full-time employees must accept your offer of insurance

## **Self-employed, owner-only companies use individual Marketplace**

- Sole proprietors and shareholders > 2% S corp. with no employees
- Owners, co-owners and their spouses

# The Small Business Health Care Tax Credit

## A tax credit for employers:

- With fewer than 25 “full-time equivalent” employees
- Whose employees’ wages average less than \$50,000 per year
- Who contribute at least 50% of employees’ premium costs
- Who offer employees a Qualified Health Plan through the SHOP
  - In Federally Facilitated SHOP, in 2014, this means :
    - employer must have a determination of eligibility from the SHOP and
    - employees must be enrolled in a SHOP Qualified Health Plan

## The tax credit is worth:

- Up to 50% of employer’s premium contribution (up to 35% for tax exempt employers) **starting in 2014**

# SHOP for Plans with Confidence

## All SHOP Qualified Health Plans:

- **Meet new coverage standards**
  - Must offer “essential health benefits” -- items and services within 10 categories such as doctor visits, preventive care, hospitalization and Rx
- **Benefit from broad protections under the health care law. Insurers:**
  - Face limits on the portion of premium dollars they can keep for administrative and overhead costs.
  - Must disclose and justify proposed rate hikes, generally of 10% or more, which state or the U.S. Department of Health and Human Services can review
  - Can't sell coverage charging higher rates based on an individual's pre-existing health conditions or health status, or charge more for women
  - Face limits on charging additional premiums for older employees
  - Generally must pool risks across a state's small group market

# How SHOP Works:

## Different Plan Options for Different Budgets

- **The SHOP Marketplace offers employer choice**
  - Of insurance companies, Qualified Health Plans and plan generosity
- **Plan choices are grouped by ‘metal level’: Bronze, Silver, Gold, Platinum**
  - Metal levels generally reflect the plan’s generosity in covering the cost of benefits for an average enrollee
- **Plan benefits can vary within metal levels:**
  - Plans must offer “essential health benefits” but can differ in other ways, such as in the networks of providers, Rx formularies they offer

Level	Plan Pays (on average)	Employee Pays (on average)
Bronze	60 %	40 %
Silver	70 %	30 %
Gold	80 %	20 %
Platinum	90 %	10 %

# Browse Before Buying in the Federally Facilitated SHOP

## Find Premium Estimates

- Online tool shows price estimates for the Federally Facilitated SHOP Qualified Health Plans and Qualified Dental Plans in your area
- Price estimates are based on the age-ranges of employees and location of business
- Agents, brokers or Navigators can help you use this tool

[Healthcare.gov/find-premium-estimates/](https://www.healthcare.gov/find-premium-estimates/)

## Useful information to have on hand

- Number of full-time employees
- Age of employees
- Whether you'll be offering coverage to dependents

# Buying SHOP Coverage: When & How?

## When can you offer a SHOP Qualified Health Plan?

- Get started now, or
- Offer anytime during the year
  - These timing options also apply to offering a SHOP Qualified Dental Plan

## How do you buy a SHOP Qualified Health Plan?

- For Federally Facilitated SHOP, in 2014 only—must use Direct Enrollment
  - Work directly with an agent, broker or insurance company
  - Similar to how small businesses have gotten coverage in the past
  - Use the same process for buying a SHOP Qualified Dental Plan
- With Direct Enrollment you'll:
  - Select a SHOP Qualified Health Plan to offer employees  
(and a SHOP Qualified Dental Plan, if applicable.)
  - Have the agent, broker, or insurer help enroll those employees who accept
  - Pay the insurance company, directly or with the help of an agent or broker
- In states running their own SHOP Marketplace
  - Enrollment processes may differ
  - Many offer online enrollment



# Federally Facilitated SHOP Eligibility: What You Need to Know

## **Employers using Direct Enrollment in 2014 may still qualify for the Small Business Health Care Tax Credit if they:**

- Have employees enrolled in a SHOP Qualified Health Plan
- Meet other requirements for the credit, and
- Receive an “eligibility determination” from the SHOP Marketplace
  - Means the SHOP Marketplace finds you meet the requirements to buy SHOP coverage

## **An eligibility determination from the Federally Facilitated SHOP in 2014**

- Is not required before buying SHOP coverage
  - Goal: to help you get benefits of coverage and tax credit sooner
  - Don't need to apply at all if not seeking the tax credit
- Is required for those who want to claim the Small Business Health Care Tax Credit
  - Must get determination before the end of 2014
  - Recommend sending in application within a week of enrollment; no later than December 1

## **If you're determined not to be eligible after buying SHOP coverage**

- You can't claim the tax credit, but
- Your insurance company need not end your coverage

# Federally Facilitated SHOP Eligibility: How to Apply

## **To apply to the Federally Facilitated SHOP Marketplace, you can:**

- Ask an agent, broker or insurance company for help
- Get help from a Marketplace-approved Navigator or assister
- Get the paper application and instructions from HealthCare.gov
- Apply by phone through the SHOP Employer Call Center

## **The SHOP Marketplace will notify you:**

- By phone and e-mail
- By regular mail, if you request this
- Within 3-5 days of receipt

## **Role of the SHOP Marketplace :**

- Determines whether you're eligible to participate in the SHOP
  - This determination is a requirement for receiving the tax credit
- Does not determine whether you're eligible to receive the tax credit.
  - This is an IRS matter

# How SHOP Works: Moving Toward Employee Choice

## **A key goal of the SHOP:**

### **Options for small employers and their employees**

- Such as offering employees a single plan or a choice of plans

## **In 2014:**

- The Federally Facilitated SHOP Marketplace offers employer choice, but no employee choice option
- States running own SHOP can offer employee choice option -- many do

## **In 2015:**

- The SHOP in all states may offer small employers an employee choice option

# The Bottom Line

## **The SHOP helps small businesses by:**

- Giving employers a choice of health insurance plans
- Providing comparisons between health plans
- Providing exclusive access to tax credits for many small employers

**More features and options coming for 2015**

# For More Information

**SHOP Employer Call Center**  
**(For small employers and those assisting them):**  
1-800-706-7893/1-800-706-7915 – TTY

**[HealthCare.gov](http://HealthCare.gov)**

**Employer SHOP Application:**  
**[HealthCare.gov/downloads/shop-employer-application.pdf](http://HealthCare.gov/downloads/shop-employer-application.pdf)**

**Find local assistance:**  
**[Localhelp.HealthCare.gov](http://Localhelp.HealthCare.gov)**

**[CMS.gov/CCIIO](http://CMS.gov/CCIIO)**

**Information on the Small Business Healthcare Tax Credit:**  
**<http://www.irs.gov/uac/Small-Business-Health-Care-Tax-Credit-for-Small-Employers>**



# Questions



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