



The SHOP Marketplace



*New Health Insurance
Options for
Small Businesses*

August 2013

What is the SHOP Marketplace?

SHOP = Small Business Health Options Program

- A new, streamlined way for small employers to offer health insurance to their employees beginning in 2014
(Access to SHOP begins October 1, 2013)
- Part of the new Health Insurance Marketplace established by the Affordable Care Act (ACA)
- Offers access to health insurance plans that must include certain “essential health benefits”
- Works with new insurance reforms and tax credits to lower barriers to offering health insurance that employers face

The Situation for Small Employers Today

Many obstacles to offering health insurance to employees

- Difficulty comparison shopping between plans
- Unpredictable rate increases
- Higher rates for groups with:
 - Women
 - Older workers
 - Workers who have chronic conditions or high-cost illnesses
(in most states)
- Waiting periods for coverage of pre-existing conditions

Removing the Obstacles: Insurance Reforms

Now, insurance companies:

- Face limits on how much premium revenue they can spend on administrative costs and take in profits.
- Must disclose and justify proposed certain rate hikes, generally of 10% or more, which the state or the U.S. Department of Health and Human Services review

Starting in 2014, insurance companies:

- Can't charge higher rates:
 - For those with pre-existing health conditions
 - For women
 - Based on individual's health status
- Face limits on charging additional premiums for older employees
- Will pool risks across the small group market – inside and outside the SHOP Marketplace

Removing the Obstacles: Tax Credits

The Small Business Health Care Tax Credit

Is available to those 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 buy health insurance through the SHOP **only**, starting in 2014

Is worth:

- Up to 35% of employer’s premium contribution (up to 25% for tax-exempt employers) **now**
- Up to 50% of employer’s premium contribution (up to 35% for tax exempt employers) **starting in 2014**

Removing the Obstacles: Choice and Transparency

The SHOP Marketplace will offer small employers:

- A choice of health plans
- Meaningful comparisons between plans
- Choice to work with a broker or independently
- Coming soon: Option to offer employees a choice among qualified health plans across multiple health insurance companies starting in 2015

(The SHOP in some states may offer this in 2014)

Enrolling in SHOP: Who, When & How?

Who's eligible?

- Small businesses with fewer than 50 full-time equivalent employees in 2014
- Most states will keep upper limit of 50 FTEs in 2015

When can businesses enroll?

- Starting October 1, 2013, for coverage beginning January 1, 2014
- Thereafter, throughout the year

How can businesses enroll?

- Directly through the SHOP-Online or toll-free call center
Through a broker registered with the SHOP

How SHOP Works:

Different Plan Options for Different Budgets

SHOPs will offer choice of insurers, Qualified Health plans, and financial protection levels

- All health plans in the SHOP must offer “essential health benefits”
 - Items and services within 10 categories such as doctor visits, preventive care, hospitalization and Rx
- Plan choices are grouped by ‘metal level’: Bronze, Silver, Gold, Platinum
- ‘Metal levels’ generally reflect the plan’s generosity in covering cost of benefits for an average enrollee

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

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
- The SHOP in each State has some discretion over which options offered

In 2014 only:

- **In 2014 only:**
- Under a rule issued on May 31, 2013, the SHOP isn't required to offer an employee choice option

2015 and after:

- The SHOP must offer small employers the option to offer employee choice of all plans in single metal level
- The SHOP can choose to make additional options available to employers

How SHOP Works: Employer Control and Simplicity

Single Plan Option

(a majority of states will offer only this option in 2014 under new rule)

- Employer:
 - chooses which qualified health plan to offer
 - decides percentage of premium to contribute toward employee premium cost

Single Metal Level Employee Choice Option

(available in all States starting 2015)

- Employer:
 - chooses a metal level
 - sets a single premium contribution amount -- for all employees
 - gets a single bill – makes single payment to SHOP
- Employee:
 - chooses any plan in the designated metal level
 - pays the difference between employer contribution and plan premium

SHOP: Basic Guarantees

All qualified health plans offered through the SHOP:

- Will provide “essential health benefits”

Ambulatory patient services

Emergency services

Hospitalization

Maternity and newborn care

Mental health

Prescription drugs

Rehabilitative services

Laboratory services

Pediatric services

Preventive/Wellness/ Chronic disease management

- Must be licensed and in good standing
- Offer adequate selection of doctors & hospitals
- Protect employees against catastrophic costs

SHOP: a Market-based Approach

Uniquely American:

- Relies on private health insurers
- Spurs competition for customers based on price and quality, rather than by avoiding risk
- Uses models pioneered by states

The Bottom Line

The SHOP helps small businesses by:

- Giving employers a choice of health insurance plans
- Providing apples-to-apples comparisons between health plans
- Providing exclusive access to tax credits for many small employers
- Soon: Providing the option to offer employees a choice of health plans

For More Information

www.HealthCare.gov

www.cciio.cms.gov

SHOP Call Center

(For small employers and those assisting them):

1-800-706-7893

1-800-706-7915 – TTY

Marketplace Call Center

(For employees and those assisting them)

1-800-318-2596

1-877-871-6594--TTY