

SHOP Marketplace

Health Insurance for Small Businesses

An Overview for 2016 Coverage

Presentation Overview

This presentation provides an overview of the benefits of the Small Business Health Options Program (SHOP) Marketplace on HealthCare.gov

Topics Covered:

- What is the SHOP Marketplace
- Benefits of the SHOP Marketplace
- Which employers can participate in the SHOP Marketplace and when can they enroll
- Health insurance options for the self-employed
- Who is required to offer health insurance coverage
- Minimum participation rates for small group plans
- Health and dental coverage options
- How the SHOP Marketplace works
- Employee choice
- SHOP Marketplace enrollment process
- How to pay SHOP Marketplace premiums
- The Small Business Health Care Tax Credit
- SHOP Marketplace resources and tools

What is the SHOP Marketplace?

The Small Business Health Options Program = SHOP Marketplace

- Part of the Health Insurance Marketplace created by the Affordable Care Act (ACA)
- Offers small employers (generally those with 1-50 full-time employees) a choice of quality health and dental plans provided by private insurance companies
- States may choose to allow employers with 1-100 full-time employees to participate in the SHOP Marketplace
- Small employers who offer coverage through the SHOP Marketplace may be eligible for the Small Business Health Care Tax Credit that may be worth up to 50% of their contributions to premiums (up to 35% for tax-exempt employers)
- Works with health insurance reforms to help spur competition based on price and quality

Benefits of the SHOP Marketplace

- **Convenience and choice:**

- Complete a group enrollment at any point during the year
- Browse, compare, apply, and enroll in SHOP Marketplace health and dental plans on HealthCare.gov
- Offer one or multiple plans
- Receive one bill and make one premium payment a month

- **Control over spending:**

- Employers decide which plan(s) to offer qualified employees and how much they want to contribute to health and dental insurance premiums

- **Access to tax credits:**

- When you offer coverage through the SHOP Marketplace, you may be eligible for a tax credit worth up to 50% of your contributions to premiums (35% for tax exempt employers)

- **Many ways to get help:**

- Information and assistance are available including through HealthCare.gov, the SHOP Call Center, agents and brokers registered with the SHOP Marketplace and through navigators

Which employers can participate in the SHOP Marketplace?

To be eligible to purchase coverage in the SHOP Marketplace, small employers must:

- 1 Be a “small employer” (generally, a small employer has 1-50 employees).
- 2 Offer coverage to all full-time employees (those working 30 or more hours per week, on average)
- 3 Have at least one employee enrolling in coverage
- 4 Have a principal business address or eligible employee worksite in the state in which coverage is offered

Use the SHOP FTE Calculator on HealthCare.gov for help counting full-time employees and FTEs for purposes of SHOP Marketplace eligibility:

<https://www.healthcare.gov/shop-calculators-fte/>

Options for the Self-Employed

Self-employed individuals are not eligible to enroll through the SHOP Marketplace unless they have at least one employee who enrolls

Self-employed individuals with no employees may be able to enroll in coverage through the Health Insurance Marketplace for Individuals & Families on HealthCare.gov

Health Insurance Marketplace for Individuals & Families:

- Premium tax credits may be available, depending on annual household income
- Individuals generally must enroll during Open Enrollment period, unless they have a life event, such as getting married or having a child
- Open Enrollment for 2016 is November 1, 2015 — January 31, 2016

What Size Employers Are Required to Offer Health Insurance Coverage?

NOT REQUIRED
FEWER THAN 50
FTEs

- Employers with fewer than 50 full time and FTE employees are **not required** to offer employees health insurance coverage
- There are no Employer Shared Responsibility penalties if they choose not to do so

REQUIRED
50 or **MORE FTEs**

- **Employers must** offer coverage that meets affordability requirements (does not exceed 9.5% of household income) and meets the minimum value standard to full-time workers and their dependents
- **Not offering affordable coverage?** May be subject to Employer Shared Responsibility Payment

For more information on Employer Shared Responsibility requirements, visit [IRS.gov](https://www.irs.gov)

SHOP Marketplace Minimum Participation Requirement

In most states, 70% of a group's employees offered coverage must accept the offer of SHOP Marketplace coverage or be enrolled in other types of coverage for a group to participate in the SHOP Marketplace

- Unless the group enrolls between **November 15 and December 15** when no Minimum Participation Rate (MPR) applies

What's New?

For 2016 coverage and beyond, the SHOP Marketplace MPR requirement has changed—making it easier for employers to enroll in SHOP Marketplace coverage

Here's an example:

2015 Participation Requirement

Employees **are not counted** toward the MPR if they have coverage through another job, another person's job, or a government program (e.g., Medicare, TRICARE).

2016 Participation Requirement

Employees with non-SHOP Marketplace coverage, such as through a spouse or government program, **will be counted** toward the MPR.

Calculating the Minimum Participation Rate

For coverage beginning in 2016 and beyond, here's how the SHOP Marketplace MPR is calculated:

$$\text{MPR} = \frac{\text{Number of Employees **Enrolling** in Coverage}}{\text{Number of Employees **Offered** SHOP Marketplace Coverage}}$$

Here's an example for 2016:

- An employer offers coverage to 10 full-time employees, and 2 have coverage through a spouse's employer, and 1 is covered by Medicare
- 70% of 10 employees = 7 employees
- 3 employees have other coverage that counts towards the rate, so 4 additional employees must accept the employer's offer of SHOP Marketplace coverage before the employer can enroll

From **November 15th- December 15th**, eligible small employers can enroll in SHOP Marketplace coverage **without** meeting the MPR requirement

Health & Dental Coverage Options in the SHOP Marketplace

- Starting in 2016, employers may offer their employees one of three options through the SHOP Marketplace:
 1. Only health coverage
 2. Only dental coverage
 3. Both health and dental coverage
 - If a qualified employee is offered both health and dental coverage, he/she may choose to enroll in both health and dental coverage, only health coverage, or only dental coverage
- Employers may also offer health and dental coverage to their employees' dependents
 - Dependents must enroll in the same health or dental plan as the qualified employee
 - If a employee is offered both health and dental coverage, dependents will be able to enroll in either the health or dental coverage the employee picks, or in both

How the SHOP Marketplace Works: Different Plans for Different Budgets

- **SHOP Marketplace health plans are available in four plan categories: Bronze, Silver, Gold, and Platinum**
 - Categories generally reflect how much enrollees pay for premiums, deductibles, copayments, and the total amount they'd expect to have to spend out-of-pocket for the year
- Example:**
- Platinum health plans may be expected to cover 90% of the total cost of covering essential health benefits, but the monthly premium will generally be the highest compared to plans in the other categories
 - All plans cover “essential health benefits,” but can differ by provider network, prescription drug formularies, or additional benefits offered, among other things
 - Plans cannot charge higher premiums for enrollees based on high medical costs or pre-existing medical conditions, raise premiums because an enrollee needs care, or charge women more than men based on gender

Plan Category	Total cost of care paid by the plan (on average)	Total cost of care paid by the employee (on average)
Bronze	60%	40%
Silver	70%	30%
Gold	80%	20%
Platinum	90%	10%

How the SHOP Marketplace Works: Different Plans for Different Budgets

- **SHOP Marketplace dental plans are available in two plan categories: High and Low**
 - Categories generally reflect how much enrollees pay for premiums, deductibles, copayments, and the total amount they'd expect to pay out-of-pocket for the year
 - **High** dental plans have generally higher premiums but lower copayments and deductibles compared to low dental plans. So you'll generally pay more every month, but less when you go to the dentist
 - **Low** dental plans generally have lower premiums but higher copayments and deductibles compared to high dental plans. So you'll generally pay less every month, but more when you go to the dentist

Employee Choice: Offering Employers Flexibility & Control

Employers can offer qualified employees:

1. A single health or dental plan
2. A choice of plans within a plan category the employer chooses
 - Employees choose any plan within the selected coverage category

Advantages of offering qualified employees a choice of plans:

- They can choose plans that best fit their coverage needs
- Employer does not have to predict their health care needs
- Employer receives and pays just **one monthly bill** per account, even when offering multiple plans with different health insurance companies
- Employer sets choice limits to control health care costs

EXAMPLE	Issuer A	Issuer B	Issuer C	Issuer D	Issuer E
Platinum					
Gold					
Silver	✓	✓	✓	✓	✓
Bronze					

See Plans & Prices on HealthCare.gov

- 1. Browse** available SHOP Marketplace health and dental plans before choosing coverage
 - Save time with the application process by becoming familiar with coverage options before you get started
 - See plan and pricing options that are available in your area without creating an account
- 2. Generate estimates** for customized premium and out-of-pocket plan costs
 - Choose coverage that is affordable for both employers and employees
- 3. Compare plans** based on product network type, coverage category, insurance company, premium, deductible, and out-of-pocket maximum
 - Make an informed decision that fits employers' and employees' budget and coverage needs

How to Enroll in the SHOP Marketplace: Employers

There are two ways employers may enroll their group in the SHOP Marketplace through HealthCare.gov:

Enroll with a SHOP Marketplace registered agent or broker registered

1. Create a SHOP Marketplace account at HealthCare.gov
2. Contact a SHOP Marketplace registered agent or broker, or log in and select the “Get Assistance” tab to confirm that your current broker is registered with the SHOP Marketplace or find a SHOP Marketplace registered agent or broker near you
3. Authorize an SHOP Marketplace registered agent or broker to help enroll your group in SHOP Marketplace coverage
4. Submit initial premium payment—you should submit your initial premium payment once your employees have responded to your offer of coverage and the applicable minimum participation rate has been met. Agents and brokers can’t submit payments for you

How to Enroll in the SHOP Marketplace: Employers (continued)

Enroll on your own, without an agent or broker

1. Select the “Small Businesses” tab on the top of HealthCare.gov and then the green “For Employers” button
2. Select your state from the drop-down menu and click “Apply Now”
3. Create a HealthCare.gov account
4. Complete a SHOP Marketplace application
5. Select coverage, contribution, and make an offer to employees
6. Track employee participation and submit enrollment
7. Submit initial premium payment

How to Enroll in the SHOP Marketplace: Employees

Enroll online through HealthCare.gov

1. Receive an email from the SHOP Marketplace that includes the employer's offer of coverage and a participation code
2. Create a HealthCare.gov account and log in
3. Select "Visit Employee Marketplace"
4. Confirm eligibility by entering the participation code included in your offer email
5. Review your coverage offer; if the employer is offering you a choice of plans, select a plan, and add dependents if applicable

Note: If an employee does not sign up for SHOP Marketplace coverage during the initial enrollment period, he/she can only enroll due to a life-changing event, such as having or adopting a child or getting married, or wait until the annual renewal period for the employer.

How to Pay SHOP Marketplace Premiums

EMPLOYEES
generally pay SHOP Marketplace premiums to their employer through a payroll deduction or upfront (unless their employer is paying their entire premium)



EMPLOYER
receives one monthly bill from the SHOP Marketplace in each state, even if employees are enrolled in different plans with different insurance companies



EMPLOYER
pays SHOP Marketplace premiums using one of the following options:

- Online
- Phone
- Mail



SHOP MARKETPLACE
disburses employer's premium payment to the insurance company(ies) upon receipt

NOTE: Employers should make the first premium payment by the 15th of the month for coverage to start the 1st of the following month

Employer Options for Premium Contributions

Contribution methods available through the SHOP Marketplace:

- **Fixed percentage**
- **Reference Plan Contribution**

Fixed Percentage: Employer chooses a fixed percentage to contribute to employees and (if applicable) dependents' monthly premiums

(marketplace.cms.gov/outreach-and-education/shop-premium-payments.pdf)

Example: Jane is 25 and her plan premium is \$200. John is 60 and his plan premium is \$300. The fixed percentage is 80%. The employer will pay \$160 toward Jane's plan premium and \$240 toward John's plan premium



	Jane	John
Plan Premium	\$200	\$300
Fixed Percentage	80%	
Employer Contribution	\$160	\$240

Employer Options for Premium Contributions (continued)

Reference plan contribution: The employer chooses a defined amount to contribute to employees' and (if applicable) dependents' monthly premiums based on a percentage of premiums for a "reference plan" the employer chooses (if only a single plan is offered, this plan is the "reference plan")

Example: If the reference plan premium is \$100 for an employee and the employer's contribution is 50%, the employer will pay \$50 toward the employee's plan premium—even if the employee chooses a plan other than the reference plan



Reference Plan	\$100
Percentage	50%
Employer Contribution	\$50

Contribution Comparison

Fixed Percentage

EMPLOYEE	PLAN A	PLAN B	PLAN C
Jane Doe (25)	\$ 200 <u>x 80%</u> \$160	\$250 <u>x 80%</u> \$200	\$275 <u>x 80%</u> \$220
John Doe (60)	\$300 <u>x 80%</u> \$240	\$350 <u>x 80%</u> \$280	\$375 <u>x 80%</u> \$300

Reference Plan Contribution

EMPLOYEE	PLAN A	PLAN B (Reference)	PLAN C
Jane Doe (25)	\$ 200	\$250 <u>x 80%</u> \$200	\$275
	\$200 ←	\$200 →	\$200
John Doe (60)	\$300	\$350 <u>x 80%</u> \$280	\$375
	\$280 ←	\$280 →	\$280

- Assume an 80% employer contribution for both examples
- In the fixed contribution, employer contributions vary by plan and employee age
- Assume the employer chooses Plan B as a reference plan
- Employer contribution is constant across plans (but still varies for each enrollee based on age)

What is the Small Business Health Care Tax Credit?

- The Small Business Health Care Tax Credit is generally only available when coverage is obtained through the SHOP Marketplace
- The SHOP Marketplace gives eligible small employers ability to get back a portion of their premium contributions through the tax credit
 - The tax credit may be worth up to 50% of eligible employers' premium contributions (up to 35% for tax-exempt employers)
- To qualify for the tax credit, employers must:
 1. Have employees enrolled in SHOP Marketplace health or dental plan(s)
 2. Have fewer than 25 FTEs (based on a 40 hour work week)
 3. Pay average wages of less than around \$50,000 per year per FTE, adjusted annually for inflation
 4. Contribute at least 50% toward employee-only premium costs
 5. File for the tax credit with IRS

Small Business Health Care Tax Credit

(continued)

- For tax years 2014 and beyond, employers can claim the tax credit for **two consecutive years**
- *Example:* An eligible employer offering coverage through the SHOP Marketplace in 2015 and 2016 can claim the tax credit for both years. If the employer decides to offer coverage again in 2017, the employer would no longer be able to receive the tax credit because the employer has already claimed it for two consecutive years.

Use the SHOP Tax Credit Estimator on HealthCare.gov to see if you might be eligible and how much the credit could be worth for your business



SHOP Marketplace Tools for Employers

SHOP Tool	Functionality & Value
2. FTE Calculator	Helps employers determine if they may be a small employer for purposes of SHOP Marketplace eligibility by counting their full-time and FTE employees
3. MPR Calculator	Helps employers determine if they meet the minimum participation requirements to enroll in the SHOP Marketplace
4. Tax Credit Estimator	Helps employers determine if they may be eligible for the Small Business Health Care Tax Credit, and estimate its value

Looking for the tools? Visit <https://www.healthcare.gov/small-businesses/>

SHOP Marketplace Resources

- **Top Questions About the SHOP Marketplace**
healthcare.gov/small-businesses/get-answers
- **Information on the Small Business Health Care Tax Credit**
irs.gov/Affordable-Care-Act
- **Affordable Care 101 Webinar: What the Healthcare Law Means for Small Employers**
bit.ly/AffordableCare101
- **Agent/Broker Essentials: Information on the SHOP Marketplace**
healthcare.gov/small-businesses/for-agents-and-brokers
- **SHOP Marketplace Agent/Broker Portal (for SHOP-registered Agents/Brokers)**
healthcare.gov/marketplace/small-businesses/agent
- **SHOP Marketplace Registration Information for Agents and Brokers**
cms.gov/ccio/programs-and-initiatives/health-insurance-marketplaces/a-b-resources.html

SHOP Marketplace Resources

(continued)

- **ACA Rules, Guidance, Agent and Broker Resource Page**
[cms.gov\ccio\programs-and-initiatives\health-insurance-marketplaces\a-b-resources.html](https://www.cms.gov/ccio/programs-and-initiatives/health-insurance-marketplaces/a-b-resources.html)
- **Detailed Instructions on How to Enroll for Employees**
marketplace.cms.gov/outreach-and-education/enroll-in-shop-employees.pdf
- **How to Enroll in the SHOP Marketplace**
healthcare.gov/small-businesses/provide-shop-coverage/enroll-in-shop/
- **Detailed Instructions on How to Enroll for Employers**
marketplace.cms.gov/outreach-and-education/enroll-in-shop.pdf
- **Using Agents and Brokers in the SHOP Marketplace**
healthcare.gov/small-businesses/provide-shop-coverage/using-insurance-agents-and-brokers/
- **SHOP Call Center** 1-800-706-7893 (TTY: 711) Available Monday – Friday, 9am – 7pm ET