SHOP Overview and Discussion

Marketplace Advisory Committee
June 9, 2016
Advantages of SHOP

- Small Employer Health Options Program
- Marketplace-Certified Plans
- Employee Choice
- Plan Administration Assistance
- Tax Credits
Small Employer

- At least one employee (cannot be a sole proprietor)
- No more than 50 employees
- CMS allowed states to expand the number of employees to 100, but Oregon opted to remain at 50 or less
SHOP QHPs

• SHOP Plans are offered only by carriers participating in the Marketplace
• SHOP plans are certified as QHPs through the same process as individual plans
Employee Choice

• One Plan, One Carrier
• Horizontal Choice
• Vertical Choice
• Full Choice
Plan Administration Assistance

• User-friendly portal for employers and employees
  • Quotes
  • Plan selection
• Premium aggregation and distribution
• COBRA administration

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Small Business Tax Credit

- Eligibility requirements
  - 25 employees or less
  - Employer contributes at least 50% of premium
  - Average employee salary is less than $50,000
  - Employer is approved to participate in SHOP
- Marketplace determines eligibility for SHOP, not eligibility for the Small Business Tax Credit
- IRS determines eligibility for the Small Employer Tax Credit

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Direct Enrollment SHOP in Oregon

• No Automated System
  • Cover Oregon
  • Technology solution estimated at $13 million
  • FF-SHOP cannot accommodate composite rating
• Employers and/or Agents work directly with carriers to request quotes, choose plans, and enroll
• Modified employee choice - 2017 Proposed Oregon SHOP plans:
  • 85 Medical – 7 Carriers
  • 18 Dental – 6 Carriers
# Types of SHOPs

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<th>Direct Enrollment</th>
<th>Automated, State-Run</th>
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SHOP Participation: Oregon vs Nation

• Current Oregon 2016 SHOP enrollment
  • 159 groups, 977 lives
  • All groups are 25 employees or less
  • All groups are interested in Small Employer Tax Credit

• Since creation of SHOP, small group membership has steadily declined
  • Q1 2013: 195,024 lives
  • Q1 2016: 162,495 lives
SHOP Participation: Oregon vs Nation, Cont.

• Nation-wide SHOP Experience
  • Enrollment much lower than anticipated
    • Vermont and DC have high enrollment, but do not allow small group plans to be sold off-exchange
    • CA and NY have the most enrollment in states with automated SHOPs - each have less than 4,000 groups
SHOP Participation: Oregon vs Nation, Cont.

- Oregon has higher enrollment than some states with automated SHOPs
- Employee choice is the #1 driver to SHOP
- IRS won’t provide information on how many employers receive the Small Employer Tax Credit, but anecdotal evidence suggests the number is very small
SHOP Alternatives

- 1332 Waivers
  - Hawaii Prepaid Healthcare Act
  - Vermont
- Private small group exchanges
- Individual exchange

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Future of Small Group

What are other ways we can help small businesses or add value to the small group market?