

# What are the Roles of a SHOP Exchange under Federal Reform?

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# Basic SHOP Roles

- “One stop” venue for Small Employers to offer worker choice of competing Qualified Health Plans
- Sole source of coverage qualifying for (2 year per) small employer tax credits

# Required Eligibility Functions

SHOP determines:

- Is employer group eligible?
- Is worker eligible member of group?
- Documentation status

*Individual Exchange:*

- *Eligibility for subsidies (all forms).*
- *Documentation status*
- *Premium tax calculator.*

# Individual (Worker) Plan Choice

Similar function, but parameters will likely differ between SHOP and Individual Exchange:

- May be different or more constrained plan choices
- Different premiums (unless markets are merged)
- Different individual contributions (even if markets are merged)
  - SHOP = premium less own employer contribution (less S125 tax benefit)
  - ***Individual = premium less tax credit (if any)***

# Premium Collection + Payment

## SHOP

- Must bill employer, collect full premiums.
- Must disaggregate contributions from employer groups, pay respective plans for workers' choices.
- Must aggregate plans' billing for individual workers to group billing listing individual workers and premiums.

## *Individual Exchange*

- *Does not administer payment of tax credits to QHPs.*
- *Must allow individuals to pay QHPs directly.*
- *May give option to pay individual premium share through Exchange.*

# Enrollment + Rating Periods

## SHOP

- “Rolling” enrollment for employer groups means “new business” premiums change monthly? quarterly?
  - Requires more frequent updating of premium data on website.
- Plan year (12-month rate guarantee) starts when employer group first enrolls.
- New employees can enroll during plan year at same rate.

## *Individual Exchange*

- *Calendar year enrollment and premiums. (Consistent with tax credits.)*
- *Open enrollment prior to coverage year. Only “special enrollment” periods during coverage year.*

# Functions Required of SHOP and of Individual Exchange

- Basic enrollment functions, notifications, maintenance of enrollment records, etc.
- Open and special enrollment periods.
- Certification of QHPs for participation.
- Consumer assistance tools and programs (call center, website, “Navigators,” outreach, etc.)
- Privacy and security of personal information.
- Use of standards and protocols for electronic transactions.
- Oversight and financial integrity.
- Quality Activities

# SHOP is Specifically Exempted from these Individual Exchange Functions

- Individual eligibility determinations and related appeals.
- Creation/provision of a premium tax calculator.
- Certifying exemptions from the individual mandate requirement.
- As workers eligible for employer plans, SHOP Workers could apply to Individual Exchange

# SHOP Can Facilitate Other Goals

- Synchronize or Consolidate QHP Standards and Selection towards Broader Reform Goals
- Enable employers to define contribution based on employer selected reference plan
  - In nondiscriminatory manner
- Allow old and young workers' contributions same for the employer reference plan
  - While offering price conscious worker choice of competing qualified plans
  - This can be accomplished via employer “fill-in” option, or via composite rating of reference plan where market rules comport