

Compliance Alert

Online Enrollment in Federal SHOP Exchange Delayed One Year

Issue Date: November 2013

The Department of Health and Human Services (HHS) has announced a one year delay of online enrollment for small businesses purchasing group health coverage through the Federal SHOP Marketplace (Exchange). The delay does not affect small group plans offered through a state run SHOP. See below for a list of states operating their own Marketplace not subject to the delay.

Small employers (generally those with less than 50 employees) who wish to purchase a group plan that has been approved for sale through the Federal SHOP are being instructed to work directly with an agent, broker, or insurance company, in what is being described as a "direct enrollment" process. Employers will still be able to view plans and get cost estimates through the Healthcare.gov SHOP website, but will need to manually enroll using paper applications to actually obtain coverage.

Purchasing a SHOP qualified plan is important for small employers who may qualify for the small business health care tax credit. Employers with fewer than 25 full-time equivalent employees may qualify for a tax credit of up to 50% of the amount they pay toward health insurance for employees. However, beginning in 2014 employers must purchase a qualified plan through a SHOP to qualify for the tax credit. More information on the tax credit can be found at <http://www.irs.gov/uac/Small-Business-Health-Care-Tax-Credit-for-Small-Employers>.

States that operate their own small business SHOP Marketplace are not affected by this delay. Small employers in these states may still have the option of purchasing small group plans and enrolling employees online depending on the situation in each particular state. States operating their own SHOP Marketplace include; California, Colorado, Connecticut, District of Columbia, Hawaii, Idaho, Kentucky, Maryland, Massachusetts, Minnesota, Mississippi, Nevada, New Mexico, New York, Oregon, Rhode Island, Utah, Vermont, and Washington.

The SHOP Marketplace is now scheduled to begin offering online enrollment in November 2014 for coverage effective beginning January 2015. It is important to note that in states affected by the delay insurance companies will also continue to offer group plans directly to businesses outside the Federal Marketplace. HHS has published an FAQ regarding the delay and the direct enrollment process at: <http://marketplace.cms.gov/getofficialresources/publications-and-articles/key-facts-about-shop.pdf>

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