



Date: May 15, 2017

Title: The Future of the SHOP: CMS Intends to Allow Small Businesses in SHOs Using HealthCare.gov More Flexibility when Enrolling in Healthcare Coverage

The Small Business Health Options Program (SHOP) Marketplaces were created to make it easier for small employers to provide health coverage to employees. However, insurance company and agent/broker participation, as well as overall enrollment in the Federally-facilitated SHOP Marketplaces has been lower than anticipated and, at its current pace, is unlikely to reach expectations. In states where the Centers for Medicare & Medicaid Services (CMS) operates a Federally-facilitated SHOP Marketplace, and in states with a State-based SHOP on the Federal platform, as of January 2017, approximately 7,600 employers had active SHOP coverage, covering nearly 39,000 individuals. Nationwide (including both Federally-facilitated and State-based SHOP Marketplaces), as of January 2017, approximately 27,000 employers have active coverage through SHOP Marketplaces, covering nearly 230,000 individuals. These numbers fall significantly short of the Congressional Budget Office (CBO) estimate that 4 million people nationwide would enroll in coverage through the SHOP Marketplaces by 2017.¹

CMS will be exploring a more efficient implementation of the Federally-facilitated SHOP Marketplaces in order to promote insurance company and agent/broker participation and make it easier for small employers to offer SHOP plans to their employees, while maintaining access to the Small Business Health Care Tax Credit. CMS intends to propose rulemaking that would change how small employers and employees in SHOs using HealthCare.gov enroll in SHOP plans taking effect on or after January 1, 2018. Under the approach CMS intends to propose, instead of enrolling online at HealthCare.gov, employers would enroll directly with an insurance company offering SHOP plans, or with the assistance of an agent or broker registered with the Federally-facilitated SHOP. Under the intended approach, employers would still obtain a determination of eligibility by going to HealthCare.gov. Employers that have enrolled in SHOP coverage for plan years that began in 2017 would be able to continue using HealthCare.gov in 2018 for enrollment and premium payment, until their current plan year ends and it's time to renew. Employers can sign up for SHOP coverage taking effect in 2017 on HealthCare.gov until November 15, 2017. Under the approach CMS intends to propose, it is anticipated that states operating State-based SHOP Marketplaces would be able to provide for online enrollment, or could opt to direct small employers to insurance companies and SHOP-registered agents and brokers to directly enroll in SHOP plans.

CMS anticipates that the changes it intends to propose for 2018 would reduce burden on insurance companies, consumers, and American taxpayers, and make SHOP plans more readily available to those small businesses that need affordable health insurance options.

¹ <http://www.gao.gov/assets/670/666873.pdf>

SHOP Marketplace Enrollment as of January 2017

Federally-Facilitated SHOP States

Federally-Facilitated SHOP States	Active Employers	Covered Lives
Alabama	163	829
Alaska	32	118
Arizona	262	1,263
Delaware	40	179
Florida	579	2,631
Georgia	293	1,582
Illinois	738	3,512
Indiana	87	400
Iowa	18	61
Kansas	178	1,361
Kentucky ¹	130	926
Louisiana	89	473
Maine	122	686
Michigan	294	1,802
Missouri	187	964
Montana	191	1,131
Nebraska	18	106
Nevada	33	127
New Hampshire	136	823
New Jersey	328	1,388
North Carolina	307	1,658
North Dakota	30	165
Ohio	199	913
Oklahoma	182	1,100
Pennsylvania	663	3,080
South Carolina	90	453
South Dakota	23	104
Tennessee	221	1,097
Texas	1,158	5,753
Virginia	437	2,044
West Virginia	81	488
Wisconsin	217	1,364
Wyoming	28	168
TOTAL FF-SHOP States	7,554	38,749

State-Based SHOP States

State-Based SHOP State	Active Employers	Covered Lives
Arkansas	92	715
California	4,315	32,684
Colorado	536	3,753
Connecticut	231	1,467
District of Columbia	3,925	64,805
Hawaii ²		
Idaho	50	533
Maryland	135	817
Massachusetts	1,466	6,475
Minnesota	303	2,179
Mississippi	54	217
New Mexico	203	1,400
New York	2,492	11,750
Oregon	190	1,473
Rhode Island	634	5,042
Utah	843	13,915
Vermont	4,047	46,099
Washington	135	625
TOTAL SB-SHOP States	19,651	193,949

TOTAL All States (FF-SHOP and SB-SHOPs)	27,205	232,698
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Sources: As reported by SB-SHOPs to CCIIO State Marketplace Insurance Programs Group and FF-SHOP Enrollment Database.

¹ State transitioned to FF-SHOP 1/1/2017. Enrollment combines SB-SHOP and FF-SHOP data.

² 1332 Waiver approved and enrollment removed from reporting 1/1/2017.