

March 2014

The Affordable Care Act:

Small Business Health Options Program (SHOP)



BlueCross BlueShield
of Illinois

Q What Is the Small Business Health Care Tax Credit?

A The Small Business Health Care Tax Credit is available to eligible small businesses and small tax-exempt employers for two consecutive tax years. For small businesses, the maximum tax credit is 50 percent of premiums paid; for tax-exempt employers, the maximum is 35 percent of premiums paid.

Small employers may qualify for the tax credit if they employ fewer than 25 full-time equivalent employees with an average annual wage of \$50,000 or less. Employers planning to claim the Small Business Health Care Tax Credit have to obtain an official eligibility determination notice from the federal government. Please keep in mind that Blue Cross and Blue Shield of Illinois (BCBSIL) does not process forms or applications for tax credit eligibility.

Q Can Small Employers Offer Several SHOP Plans to Employees in 2014?

A No. For 2014, small employers purchasing health coverage through SHOP may offer only one health plan to employees.

Q How Can Small Employers Enroll in a SHOP health plan?

A Small employers can contact BCBSIL or their licensed agent or broker directly to apply for SHOP coverage. Small employers can find a copy of the SHOP application at healthcare.gov/downloads/shop-employer-application.pdf.

Q When Can Small Employers Enroll in SHOP?

A As with today's small business health insurance market, enrollment in SHOP small group coverage will occur on a rolling basis throughout the year. The deadline to enroll is the 15th of the month for coverage to be effective on the first day of the following month. For example, for coverage to begin on May 1, an employer will have to enroll by April 15.

Summary

The Affordable Care Act (ACA) created the Small Business Health Options Program (SHOP) for small employers (fewer than 50 full-time employees and full-time equivalents combined).

In November 2013, the federal government delayed online enrollment in SHOP. For 2014, small employers can enroll in SHOP coverage directly through Blue Cross and Blue Shield of Illinois (BCBSIL), or through their licensed agent or broker. Small groups may continue to offer coverage as they do today (through a traditional group contract) or pursue alternative ways to cover their employees.

Please keep in mind that small employers interested in the Small Business Health Care Tax Credit have to enroll in a SHOP health plan (and meet other eligibility requirements) in order to qualify.

Like BCBSIL's other small group products, SHOP plans offer comprehensive coverage, from doctors to medications to hospital visits. Employers can compare options based on price, benefits and other features that may be important to their employees. Plans offered through SHOP have to meet all 2014 health market reform requirements mandated by ACA. Benefits will be offered in four metallic levels based on the amount of coverage that the plan provides.

Q How Are Health Plans Organized on SHOP?

A SHOP provides four plan categories based on how employees and the plan expect to share the costs for health care. For example, in a Bronze plan, the lowest metallic level, an individual's share of the cost will be higher when health care services are provided. In a Platinum plan, the highest metallic level, an individual's share of the cost will be lower. However, Platinum plans are likely to come with a higher monthly premium.

Bronze	<ul style="list-style-type: none"> • Lower monthly payments • Higher out-of-pocket costs when the individual receives medical care • On average, plan pays 60% of covered health care expenses; individual pays 40%
Silver	<ul style="list-style-type: none"> • Higher monthly payment than a Bronze plan • Lower out-of-pocket costs than a Bronze plan when the individual receives medical care • On average, plan pays 70% of covered health care expenses; individual pays 30%
Gold	<ul style="list-style-type: none"> • Higher monthly payment than a Silver plan • Lower out-of-pocket costs than a Silver plan when the individual receives medical care • On average, plan pays 80% of covered health care expenses; individual pays 20%
Platinum	<ul style="list-style-type: none"> • Highest monthly payments • Lowest out-of-pocket costs when the individual receives medical care • On average, plan pays 90% of covered health care expenses; individual pays 10%

Q What Is Guaranteed Availability and Renewability?

A Beginning Jan. 1, 2014, ACA prohibits insurers in group markets and individual markets (with the exception of grandfathered individual plans) from imposing pre-existing condition exclusions, and they are required to issue insurance to all applicants regardless of health status, medical conditions or prior medical expenses.

In addition, insurers also have to renew coverage for applicants, even if their health status has changed. Grandfathered individual plans are exempt from these requirements.

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