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CMS Answers Key FF-SHOP Questions from Small Employers

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Small businesses may participate in several federally facilitated Small Business Health Option Program exchanges — for example, if an employer has offices in different states — but each small employer is limited to establishing one FF-SHOP account per state.

If an employer has worksites in several states, it may: (1) establish an account in each state where the company has a primary work location for workers; or (2) it may establish an account in one state and use that to provide health insurance for all members of the group. If it does establish accounts in several states, it must submit a separate report on participation rate to each FF-SHOP.

This is but one of a series of answers about the scope and price of coverage available on SHOP exchanges posted by the Centers for Medicare and Medicaid Services on July 25. Several questions address FF-SHOP minimum participation requirements. The answers are on the Registration for Technical Assistance Portal at <https://www.regtap.info/dashboard.php>, a CMS website about participation in FF-SHOPs.

Background

An employer is considered to be a small employer eligible for SHOP participation if its average number of employees is 50 or fewer. Employers participating in the FF-SHOP must offer coverage to all full-time employees, defined as those working 30 or more hours per week on average.

The SHOP system is a way for employers to help satisfy health reform's mandate for individuals to get coverage or pay extra taxes. Furthermore, most (34 out of 50, not including the District of Columbia) states will house (but not run) FF-SHOP exchanges. This guidance can be seen as policy for FF-SHOP exchanges that are run under more prescriptive federal rules.

In March 1, 2013 "Notice of Benefit and Payment Parameters" final rules (78 Fed. Reg. 15410), CMS described the 70-percent participation requirement for small employers. Under those rules, insurers may deny coverage to small employers that fail to meet the minimum participation requirements.

Minimum Participation

Insurers may impose a 70-percent workforce participation requirement for small employers to partake in FF-SHOP coverage. In the first open enrollment period (Nov. 15 through Dec. 15), however, workers can get coverage on an interim basis even if an employer falls below the minimum participation amount, CMS said. On renewal one year later however, insurers will be able to invoke the requirement. State law may impose a different minimum participation requirement. Small employers are required to keep records of coverage held by workforces to substantiate minimum participation, and to ensure that workers do not have double coverage.

Other Highlights

Here are a few other policies small employers will want to know when considering group coverage with an FF-SHOP.

- The employer policy holder's principal business address will determine premium-rate factors; workers' home addresses will not.
- The FF-SHOP will not allow varying coverage for different classes of employees, whether they are owners, salaried or hourly.

- The FF-SHOP exchanges will allow for coverage of retirees, but they must pay at the same contribution rate as active employees.
- COBRA enrollees are eligible and they are included in minimum participation rate calculations. Their premiums will be calculated based on reform's allowed rating factors: age and tobacco use.
- Insurers are responsible for making sure that Summaries of Benefits and Coverage are given to small-employer group plan sponsors and members.
- If an employer group in the FF-SHOP allows coverage of domestic partners but an insurer on the exchange does not, then the domestic partner may be added as a dependent, and the insurer would be expected to cover the partner as a dependent, CMS stated.
- Employers will be notified of the option to renew SHOP coverage 90 days before the end of the plan year. They have that time to decide whether to continue with existing coverage and help employees enroll or renew. If the employer elects to stay with the same "qualified health plan," employees can be automatically renewed into that plan.



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