



Issued date: 12/09/13

The Small Business Health Options Program (SHOP) is designed to assist small businesses buy affordable health insurance. The launch of the SHOP website has been delayed for one year -- this is only a delay for online enrollment.

Delay in Online Enrollment

When the federal Exchange was launched on October 1, 2013, online enrollment in the federal SHOP was not available and employers were encouraged to submit paper applications, with the promise that online enrollment would be available later in the Fall. On November 27, 2013, the Obama administration said that online enrollment in the federal SHOP exchange will not be available until the 2015 open enrollment period in November 2014. This latest delay only applies to the federally run SHOP exchanges. States, such as New York, that operate their own Exchanges will still be able to offer online enrollment.

What does this Mean for Employers?

Rather than enrolling in the federal SHOP online, small employers will enroll through an agent or broker, or directly with an insurer. Agents and brokers will help employers fill out paper applications for SHOP coverage that will be sent to the federal Exchange. For your convenience, a fillable PDF of the SHOP Paper Application for Employers can be

found at <http://www.emersonreid.com/docs/Shop-Paper-Application-Employers.pdf>. Once the paper application has been sent, employers are not required to wait to hear back before beginning to enroll employees. The application is only needed to qualify for a Small Business Health Care Tax Credit. Employers can also fill out their own applications. For additional information on this "direct enrollment process," visit the FAQs at <http://marketplace.cms.gov/getofficialresources/publications-and-articles/faqs-on-shop-enrollment.pdf>.

Small Business Health Care Tax Credit

Small employers that qualify may be able to receive tax credits worth up to 50% of their premium costs. Beginning in 2014, the tax credits are only available for plans purchased through the SHOP. In order to receive the credits, employers must receive an eligibility determination from the SHOP. The SHOP will provide an eligibility notification within 3-5 days of receiving a fully completed application.

To be eligible for the tax credits, in general, employers must:

- cover at least 50% of the cost of single healthcare coverage for each of their employees;
- have fewer than 25 full-time equivalent employees (FTEs); and
- have employees with average wages of less than \$50,000.

For further information on the tax credits, visit the following websites:

- Emerson Reid's How Much Tax Credit Are Your Clients Eligible For? -
<http://www.emersonreid.com/calculators/tax.html>
- IRS Link to Small Business Health Care Tax Credit for Small Employers -
<http://www.irs.gov/uac/Small-Business-Health-Care-Tax-Credit-for-Small-Employers>

How Can You Help Your Clients?

Compare the products on the SHOP with the products offered off-Exchange. You can visit www.healthcare.gov (the site will be faster since you are only reviewing, not enrolling in coverage). In some markets, the products are the same; in other markets the SHOP metallic plans are different than the off-Exchange products. Don't forget to check networks; some plans may be the same metal level but use different networks. It is important to note that some carriers have not released their process to get proposals with rates for SHOP products -- this should change with the new paper process. Look for information from Emerson Reid and the carriers in the very near future.

If your group is eligible for the Small Business Health Care Tax Credit, it must apply through the SHOP. If you are certified, you should assist employers in completing paper applications for the SHOP to determine eligibility. Pay special attention to "Step 3" of the application, Agent/Broker information. The original application should be mailed, but make sure to keep a copy of the application. Once approved by the SHOP, complete the enrollment directly with the carrier through Emerson Reid.

The process for applying for the Small Business Health Care Tax Credit has not changed. Please work with your client's accountant and/or tax preparer to assist your client in filing the proper IRS forms.

Please contact Emerson Reid with any questions or to learn more about the Small Business SHOP and/or tax credits.

