



# VCU Medical Center

## Office of Health Innovation

### Proposed Rule: Establishment of Exchanges and Qualified Health Plans; Small Business Health Options Program

**Description:** This proposed rule would amend existing regulations regarding triggering events and special enrollment periods for qualified employees and their dependents and would implement a transitional policy regarding employees' choice of qualified health plans (QHPs) in the Small Business Health Options Program (SHOP). The final rule "**Patient Protection and Affordable Care Act; Establishment of Exchanges and Qualified Health Plans; Exchange Standards for Employers (Exchange Establishment Rule)**" as modified by the "**Notice of Benefit and Payment Parameters for 2014**", published in the same issue of the Federal Register as this proposed rule, set forth standards for the administration of SHOP Exchanges. In this proposed rule, HHS would amend some of the standards established in that final rule.

#### Major Provisions

##### **Special Enrollment Periods**

In the Exchange Establishment Rule, HHS established standards for special enrollment periods for people enrolled through an Exchange or SHOP and provided that, in most instances, a special enrollment period is 60 days from the date of the triggering event. HHS also made these provisions applicable to SHOP.

HHS now proposes to amend the special enrollment period for the SHOP to 30 days for most applicable triggering events, so that it aligns with the special enrollment periods for the group market established by the Health Insurance Portability and Accountability Act of 1996 (HIPAA). To further align the SHOP provisions with HIPAA, HHS also proposes that if an employee or dependent becomes eligible for premium assistance under Medicaid or the Children's Health Insurance Program (CHIP) or loses eligibility for Medicaid or CHIP, this would be a triggering event, and the employee or dependent would have a 60-day special enrollment period to select a QHP. This triggering event had previously been inadvertently omitted from the regulations because it applies only to group health plans and health insurance coverage in the group market.

##### **Minimum Functions of SHOP**

In the Exchange Establishment Rule, HHS set forth the minimum functions of a SHOP, including that the SHOP must allow employers the option to offer employees all QHPs at a level of coverage chosen by the employer, and that the SHOP may allow employers to offer one or more QHPs to qualified employees by other methods. HHS now proposes the following transitional policy:

- For plan years beginning on or after January 1, 2014 and before January 1, 2015, a SHOP would not be required to permit qualified employers to offer their qualified employees a choice of QHPs at a single level of coverage but would have the option of doing so.
- For plan years beginning on or after January 1, 2014 and before January 1, 2015, Federally-facilitated SHOPs (FF-SHOPs) would not exercise this option, but would instead assist employers in choosing a single QHP to offer their qualified employees.

This transitional policy is intended to provide additional time to prepare for an employee choice model and to increase the stability of the small group market while providing small groups with the benefits of SHOP in 2014 (such as a choice among competing QHPs and access for qualifying small employers to the small business health insurance tax credit).