



# VCU Medical Center

## Office of Health Innovation

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

**Description:** This final rule amends 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).

#### Major Provisions

##### **Employer Choice Requirements**

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 establishes the following transitional policy:

- State-Run SHOPS
  - 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 before January 1, 2015, a SHOP may allow a qualified employer to make one or more QHPs available to qualified employees.
  - For plan years beginning on or after January 1, 2015, a SHOP must allow an employer to make available to qualified employees all QHPs at the level of coverage selected by the employer, and
- Federally-Facilitated SHOPS
  - For plan years beginning on or after January 1, 2014 and before January 1, 2015, Federally-facilitated SHOPS (FF-SHOPS) will provide a qualified employer a choice of two methods to make QHPs available to qualified employees:
    - a) The employer may choose a level of coverage, or
    - b) The employer may choose a single QHP.

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).

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

HHS amends the special enrollment period for the SHOP from 60 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). 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 instead have a 60-day special enrollment period to select a QHP.

### **Premium Aggregation**

The SHOP must perform the following functions related to premium payment administration:

1. Provide each qualified employer with a bill on a monthly basis that identifies the employer contribution, the employee contribution, and the total amount that is due to the QHP issuers from the qualified employer;
2. Collect from each employer the total amount due and make payments to QHP issuers in the SHOP for all enrollees; and
3. Maintain books, records, documents, and other evidence of accounting procedures and practices of the premium aggregation program for each benefit year for at least 10 years.

### **Effective Dates for Premium Aggregation**

- A State-based SHOP may elect to perform these functions for plan years beginning before January 1, 2015, but need not do so.
- A Federally-facilitated SHOP will perform these functions only in plan years beginning on or after January 1, 2015.