

# Employer Guide to SHOP Insurance

The Small Business Health Options Program (SHOP) helps small employers offer affordable, private health and dental coverage. It's also generally the only way to get the Small Business Health Care Tax Credit, which can save eligible employers up to 50% of their employer contribution.

## SHOP basics

**The SHOP Marketplace offers quality plans from private insurance companies.** All SHOP plans offer coverage of the same categories of essential health benefits, like doctor visits, preventive care, hospitalization, and prescription drugs. There are also limits on the differences in premiums that insurance companies can charge based on age, and restrictions on charging individuals more because of pre-existing conditions.

### You have choices and flexibility. You can:

- Offer your employees one plan, or let them choose from multiple plans.
- Offer health coverage, dental coverage, or both.
- Choose how much you pay toward your employees' premiums and whether to offer coverage to their dependents.
- Decide the length of your employees' Initial Enrollment Period to first join a plan, and how long new employees must wait before joining a plan.

### To be eligible for SHOP coverage, you must:

- Have a primary business address in the state where you're buying coverage or offer coverage to each eligible employee through the SHOP serving that employee's primary worksite.

- Have at least one common-law employee on payroll (not including a business owner or sole proprietor, or their spouse(s) on the payroll) to enroll in coverage. For the definition of a common-law employee, visit [irs.gov/businesses/small-businesses-self-employed/employee-common-law-employee](https://irs.gov/businesses/small-businesses-self-employed/employee-common-law-employee).
- Offer coverage to all your full-time employees—those working an average of 30 or more hours per week.
- Be a "small employer." This generally means you employ at least one and no more than 50 full-time equivalent employees (FTEs). For example, 2 half-time employees generally equal 1 FTE. Visit [HealthCare.gov/shop-calculators-fte](https://HealthCare.gov/shop-calculators-fte) to quickly estimate how many FTEs you have.

**You may qualify for the Small Business Health Care Tax Credit.** This tax credit can be worth up to 50% of your contribution toward premium costs (up to 35% for tax-exempt employers). Generally, to qualify you must:

- Have fewer than 25 FTEs (based on a 40-hour work week) making an average of about \$56,000 a year or less.
- Pay at least 50% of your FTEs' premium costs.

## Important:

If you're a small business in an area with no available SHOP plans, visit [irs.gov/affordable-care-act/employers/small-business-health-care-tax-credit-and-the-shop-marketplace](https://irs.gov/affordable-care-act/employers/small-business-health-care-tax-credit-and-the-shop-marketplace) for information on qualifying for the Small Business Health Care Tax Credit.

## How to enroll in SHOP coverage

With SHOP, you can start offering insurance to your employees any time of year. You can enroll in SHOP plans through an insurance company or with the help of a SHOP-registered agent or broker. Specific enrollment steps may vary by insurance company.

- 1. Visit [HealthCare.gov/small-business to get started.](https://www.healthcare.gov/small-business-to-get-started)** You'll find information on SHOP eligibility, available plans, how much you may be able to save with the Small Business Health Care Tax Credit, and more.
- 2. Get help from an agent or broker.** SHOP-registered agents and brokers are experts on helping small businesses choose the right health insurance. They can guide you through the decision-making process and help you enroll. Learn more about working with an agent or broker on [page 3](#).
- 3. Confirm your eligibility.** Before you enroll in SHOP, you'll need to confirm that you're eligible to participate at [go.cms.gov/SHOP-eligibility](https://www.go.cms.gov/SHOP-eligibility). You'll get an eligibility decision right away. Keep it for your records. You may need this to enroll or apply for the Small Business Health Care Tax Credit.
- 4. Review options and select a SHOP plan.** Visit [HealthCare.gov/see-plans/small-business](https://www.healthcare.gov/see-plans/small-business) to review plans and prices. When picking a plan, consider the monthly cost, deductible, provider network, and prescription drug coverage. Contact the insurance company or your agent or broker for any important enrollment steps or application deadlines. Make sure you plan ahead when enrolling. You'll need to leave enough time to gather and provide important information about your business, and allow your employees to review your coverage offer.
- 5. Pay premiums and manage coverage.** You'll pay your premium to your insurance company. Individual insurance companies may accept different payment methods, or have different payment deadlines.

**Note:** Your insurance company can terminate your coverage if you don't pay your premiums, so be sure to update any changes—like adding or removing an employee—throughout the year.

## Minimum participation rate

During most times of the year, if you want to participate in the SHOP, a certain percentage of your eligible employees must enroll in the plans you offer. However, if your employees enroll between November 15 – December 15, you don't have to meet this minimum participation rate.

In most states, 70% of your eligible employees must enroll in the plan(s) you offer. This percentage is different in these states:

State	SHOP Marketplace minimum participation rate
Iowa	75%
Louisiana	75%
Mississippi	0%
New Hampshire	75%
South Dakota	75%
Tennessee	50%
Texas	75%
Utah	75%

### How the minimum participation rate is calculated

SHOP participation rates are calculated by dividing the number of full-time employees enrolling in SHOP coverage under the employer's plan plus the number of full-time employees enrolled in other minimum essential coverage by the total number of full-time employees offered SHOP coverage.

Other coverage can include insurance from another job, individual private insurance, another person's or spouse's job, Medicare, Medicaid, TRICARE, VA health care programs, and the Indian Health Service. Use the SHOP Minimum Participation Rate Calculator at [HealthCare.gov/small-businesses/shop-calculators-mpr](https://www.healthcare.gov/small-businesses/shop-calculators-mpr) to see how many of your employees must accept your coverage offer.

**Note:** Don't include non-employees (owner, spouse of owner, COBRA enrollees, and retirees) in this calculation.

If you don't reach the required minimum participation rate, you have 3 options:

- 1. Update your coverage offer and try to enroll again.** For example, you can change the coverage you offer, or increase the amount you contribute to your employees' premiums as an incentive to increase participation. You'll have to start the enrollment process over again, but you can use the information from your initial application. If you decide to wait to enroll, you can reapply at any time during the year.
- 2. Enroll between November 15 - December 15.** During this Open Enrollment Period each year, the minimum participation requirement doesn't apply.
- 3. Withdraw your offer of coverage.** If you didn't meet the minimum participation rate when you applied, you can withdraw your offer and wait to offer coverage another time during the year when you think you'll have more employee participation.

## The Small Business Health Care Tax Credit & state premium assistance programs

If you participate in SHOP, you may qualify for the Small Business Health Care Tax Credit and state premium assistance programs. These can help lower the cost of health insurance premiums.

The Small Business Health Care Tax Credit can be worth up to 50% of your premium contributions (or up to 35% for tax-exempt employers). To qualify for the tax credit, you must have all of these:

- Fewer than 25 full-time equivalent (FTE) employees (based on a 40-hour work week)
- An average employee salary of \$56,000 per year or less, adjusted yearly for inflation
- A contribution of at least 50% of employee-only premium costs
- Employees enrolled in coverage through SHOP

**Note:** You aren't required to offer coverage to your part-time employees (those working fewer than 30 hours per week) or dependents to qualify for the tax credit.

Visit [HealthCare.gov/small-businesses/provide-shop-coverage/small-business-tax-credits](https://www.healthcare.gov/small-businesses/provide-shop-coverage/small-business-tax-credits) for more information about the Small Business Health Care Tax Credit.

## State premium assistance programs

In addition to the Small Business Health Care Tax Credit, some states have premium assistance programs that may be available to you and your employees based on your location. Contact your state insurance department to find out if they have a premium assistance program.

## Getting help from a SHOP-registered agent or broker

An agent or broker can help you review different coverage options and create custom premium estimates. A SHOP-registered agent or broker can also help determine if your business is eligible for SHOP coverage, and how much you may be able to save through the Small Business Health Care Tax Credit. If there are no SHOP plans available in your area, an agent or broker may still be able to help you and your employees sign up for health insurance.

If you're working with an agent or broker for the first time, here are a few key questions to ask:

- How does offering coverage for dependents affect my premium contributions?
- How can my employees check to see what doctors, health services, and prescriptions are available under a plan?
- How can you help me if a plan denies an insurance claim?

Before meeting with an agent or broker, estimate how much you want to contribute to employee premiums each month, how many of your employees will accept your coverage offer, and when you want your health plan to start. Consider these questions:

- Would my employees prefer a lower monthly premium and higher costs, or a higher monthly premium and lower costs, when they get care?
- What are the pros and cons of offering my employees a choice of plans versus only one plan option?

## Find an agent or broker

Insurance agents and brokers are required to complete hours of training each year. Many are experts in health insurance and can answer questions you may have. After you enroll, agents and brokers can also help you manage and update your coverage throughout the year.

If you need help from a SHOP-registered agent or broker, visit [LocalHelp.HealthCare.gov](https://www.localhelp.healthcare.gov) to find someone who can help. If you don't work with an agent or broker for SHOP coverage, you'll have to go through an insurance company to enroll. You can't enroll in SHOP through [HealthCare.gov](https://www.healthcare.gov) even if you have in the past.

Visit [HealthCare.gov/small-businesses/choose-and-enroll/shop-marketplace-overview/](https://www.healthcare.gov/small-businesses/choose-and-enroll/shop-marketplace-overview/) for more information about enrolling in SHOP.

## Help with SHOP

For more information and help with SHOP, visit [HealthCare.gov/small-businesses/employers](https://www.healthcare.gov/small-businesses/employers) or contact the SHOP Call Center at 1-800-706-7893 (TTY: 1-888-201-6445).

For questions about applications, enrollment, renewing, changing or updating coverage, you can also contact your insurance company or a SHOP-registered agent or broker.

You have the right to get Marketplace information in an accessible format, like large print, braille, or audio.

You also have the right to file a complaint if you feel you've been discriminated against.

Visit [CMS.gov/About-CMS/Web-Policies-Important-Links/Accessibility-Nondiscrimination-Disabilities-Notice](https://www.cms.gov/About-CMS/Web-Policies-Important-Links/Accessibility-Nondiscrimination-Disabilities-Notice), or call the Marketplace Call Center at 1-800-318-2596 for more information. TTY users can call 1-855-889-4325.

## Health Insurance Marketplace

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