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**To:** CMS Shop  
**Cc:** Dennis, Karen (DIFS)  
**Subject:** VERTICAL CHOICE

## Michigan Requests another One-Year Delay for Vertical Choice on the SHOP Marketplace.

In accordance with the 2018 guidance, CMS granted states the ability to annually recommend its Federally-facilitated SHOP (FF-SHOP) not make vertical choice available, where vertical choice is defined as the ability of the employer to choose from any available plan from a single issuer. Director McPharlin officially requests that CMS not implement vertical choice in the SHOP Marketplace.

The determination to request that CMS not implement vertical choice was made due to concerns that it added administrative complexity to a program with little enrollment, and the belief it could potentially lead to adverse selection and higher rates across the small group market.

CMS approval is needed on this recommendation. We anticipate your reply by the week of June 26.

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