



Benefits Delivery Option

Employers have several options to provide major medical insurance coverage for their employees in the new health care reform environment. Deciding which option meets both business and workforce needs is important to navigating the new health care landscape, as well as gaining a competitive edge in the battle for top talent.

Small Business Health Options Program (SHOP) Marketplace

The SHOP is a government facilitated insurance marketplace where small businesses and their employees have access to health insurance coverage. In most states, eligible businesses will need to have 1-50 employees.* Employers with up to 100 employees can participate in SHOP beginning in 2016. States may allow large employers in 2017.

**Note: Although the law allows exchanges to be open to employers with up to 100 employees, federal and state exchanges can keep the cap at 50 employees until 2016. The method of counting employees varies by exchange. The federal exchange counts employees using a full-time equivalent approach.*

<p>Overview</p>	<ul style="list-style-type: none"> • Starting in 2014, businesses have the option to choose a qualified health plan (QHP) to offer to their workforce (employer choice). • Beginning in 2015, an employer can choose the level of coverage to offer their workforce, and employees will be able to select from multiple QHPs (employee choice). • QHPs will include essential health benefits and will meet actuarial value level requirements. • Employers need to be aware of all the ACA compliance requirements, specifically the benefit mandates, and grandfathering (if applicable), that directly affect them.
<p>Tax credits</p>	<ul style="list-style-type: none"> • A small employer may receive tax credits based on eligibility requirements: <ul style="list-style-type: none"> » The employer must cover at least 50 percent of the cost of single (not family) health care coverage for each employee. » The employer must have 25 or fewer* full-time equivalent employees (FTEs). » The employees must have average annual wages of less than \$50,000.
<p>Penalties</p>	<ul style="list-style-type: none"> • Starting in 2015, businesses with 100 or more full-time equivalent employees need to provide affordable, minimum value health care coverage to 70 percent of all full-time employees and their dependents or face a penalty. If your company didn't offer dependent coverage in 2013 or 2014, your company won't be penalized for not providing coverage to dependents in 2015, as long as your are taking steps to provide the coverage in 2016. • In 2016, the requirement is extended to employers with 50 or more full-time equivalent employees. Additionally, coverage must be offered to 95 percent of full-time employees and their dependents.

Note: As of 8/26/13, irs.gov states that fewer than 25 employees are eligible for these credits, however Internal Revenue Code Section 45R states that the term "eligible small employer" means an employer which has **no more than 25 full-time equivalent employees for the taxable year. For more information about these credits, visit: irs.gov.*

Administration	<ul style="list-style-type: none"> • On October 1, 2013, open enrollment begins for small businesses on new state and federal Marketplaces with coverage effective dates beginning 1/1/2014. • Employers will need to submit an application online along with a list of eligible employees, and use one of the other consumer assistance functions (call center, agents, navigators, and in-person assistors) to check eligibility. • In 2015, when employee choice is implemented, the SHOP will provide employers with a single invoice and collect payments. • Employers will need to perform payroll deductions, and work with SHOP to reconcile enrollment information, billing and termination functions.
Employee tools and resources	<ul style="list-style-type: none"> • Employees will use SHOP consumer assistance during open enrollment. • Employees will need to submit an application for enrollment and select the plan. • Starting in 2015, if the employer selects Employee Choice, the employees will need to use appropriate decision support tools and select the plan that best fits their needs. • Employees may be required to use the SHOP for all updates, special enrollments, terminations and other applicable functions.
Supplemental insurance protection	<ul style="list-style-type: none"> • The SHOP will offer stand-alone voluntary dental coverage that employees can select if it is not in the major medical plan. • Other voluntary coverage may be available directly from the employer outside of the SHOP. • Even though obtaining insurance benefits through the SHOP, employers who choose this option may consider making other voluntary plans available to provide employees with a comprehensive benefits package. • Voluntary insurance policies can be bought separately to help employees with out-of-pocket costs associated with illness or injury. • To learn more about available options visit: aflac.com/business/policies.

Key considerations

The SHOP Marketplace is expected to offer competitive benefits options to small businesses and individuals, and may offer eligible small businesses tax credits. The SHOP may also provide some relief to small employers from the administrative burden of handling open and special enrollment, and benefit administration. If you are considering the SHOP Marketplace, you may save on health care costs that could be allocated to supplemental benefits or employee salaries to provide increased value to attract and retain top talent.

For more information

You can find more information about multiple benefits delivery options, including: *insurer based, self-funded coverage, maintaining grandfathered status, Small Business Health Option Program (SHOP) Marketplace, and private marketplace* at aflac.com/healthcare_reform. A comprehensive summary is available in [The Employer's Guide to Health Care Reform](#).

As you continue to navigate health care reform, you can rely on Aflac to provide updates and helpful information at: aflac.com/insights. To learn more about coverage available in your state, visit: healthcare.gov, cciio.cms.gov and irs.gov.

This material is intended to provide general information about an evolving topic and does not constitute legal, tax or accounting advice regarding any specific situation. Aflac cannot anticipate all the facts that a particular employer or individual will have to consider in their benefits decision-making process. We strongly encourage readers to discuss their HCR situations with their advisors to determine the actions they need to take or to visit healthcare.gov (which may also be contacted at 1-800-318-2596) for additional information.

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