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After a Slow Start, Federal Small Business Health Insurance Marketplace Offers New and Improved Functions

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- **Improvements to small business health insurance exchange website aim to ease the shopping experience**
- **New and improved functionality for updated federal small business health insurance marketplaces**

To make it easier for small employers and their workers to obtain affordable coverage, the Affordable Care Act (ACA) established Small Business Health Options Program (SHOP) marketplaces in each state. SHOP marketplaces were envisioned as online, one-stop-shopping portals that could aggregate the purchasing power of multiple small businesses; provide employers and employees with more health plan choices as well as more comparative information about those plans; and give small employers new ways to offer coverage to their workers. To date, 17 states and the District of Columbia have established their own SHOP marketplaces, while a federally run model, sometimes called the FF-SHOP, operates in the remaining 33.

Slow Start for the FF-SHOP

In 2014, both the federal and state-based SHOP marketplaces saw **substantially lower enrollment than expected**. A U.S. Government Accountability Office report concluded that, by mid-2014, state-based SHOPS had attracted fewer than 12,000 small employers and covered only about 76,000 people. Enrollment numbers for the FF-SHOP have not been released, but government officials have estimated that sign-ups were similarly low.

Researchers have identified a **variety of challenges** that may have contributed to the disappointing start, including low awareness of SHOP, limitations and complexities surrounding the small business tax credit,

widespread early renewals and continuations of existing policies, and concerns among the broker community. In addition, the FF-SHOP was hampered by ongoing technical problems. While some **state-based SHOPS** were able to experiment with marketplace functions and features in 2014, to varying degrees of success, the FF-SHOP's technical problems prevented it from doing so. Indeed, federal officials ultimately delayed online enrollment and the much anticipated **employee choice feature**—decisions that likely contributed to weak enrollment.

An Enhanced FF-SHOP Website

Although not in a position to resolve all of the challenges, federal regulators sought to significantly improve the shopping experience for small employers, their workers, and the broker community in the second year of coverage. The new FF-SHOP website, launched in the fall of 2014, allows users to browse plan offerings anonymously and enroll in coverage online, offers interactive tools to ease the sign-up process, and provides options for obtaining personalized assistance, including a new agent/broker interface.

Window shopping features. By entering basic information about their business and its employees, employers can use the FF-SHOP to **browse and compare the medical and dental plans** available to them, and sort them by their key features, without having to create an account. Employees have access to the same plan-level information and comparison tools and can easily view their employer's offer of coverage and contribution amount at the time of enrollment.

Interactive tools to help with eligibility and financial assistance. The FF-SHOP provides tools employers can use to find out whether their business qualifies for coverage through the marketplace and if they are **eligible for tax credits**. Since the FF-SHOP marketplace is **open** only to businesses with 50 or fewer full-time equivalent (FTE) workers, the marketplace offers an **FTE calculator** to help employers that have a mix of full- and part-time employees determine their eligibility. For businesses with fewer than 25 FTE employees, the FF-SHOP provides a **tax credit estimator** to help employers determine whether they are eligible for a credit and the amount of assistance they can expect to receive.

Online enrollment, including offering employees a choice of plans. Prior to the ACA, it was difficult, and thus uncommon, for small employers to offer their workers a choice of health plans. The health law requires SHOP marketplaces to allow employers the option of doing so, through functionality called "employee choice." Federal regulators delayed employee choice in the FF-SHOP in the first year of coverage and gave states implementation flexibility in year two. Nevertheless, **14 FF-SHOP states** now have an employee choice option (and all must offer it in 2016). In these states, the FF-SHOP permits employers to choose the coverage level of plans available to workers and set the percentage they will contribute to the cost of this coverage, based on a reference plan the business owner selects.

Personalized enrollment assistance. The FF-SHOP enables business owners to **connect with a registered agent or broker** in their area at no additional cost. With an employer's authorization, the agent or broker can help with plan selection and enrollment through the Agent Broker Portal, handling tasks such as completing the employer's application, setting the employer's plan options and contribution levels, and assisting employees with choosing the right plan. There is also an FF-SHOP call center available should an employer, employee, or broker need staff assistance.

Reconsidering FF-SHOP

The SHOP's initial struggles have been well documented, and it's not yet out of the woods. Ultimately, whether the SHOP finds success will depend on whether employers believe its features and plan choices offer value compared with options available outside the marketplace. But to be in a position to make this evaluation, small employers first needed a marketplace website with functionality that allows them and their employees to shop for coverage with relative ease and get help with the process if they want it. The FF-SHOP's updated website and features constitute a considerable step forward. As small business enrollment

continues throughout 2015, that redesign should garner a second look by small employers and the broker and agent community that serves them.



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