

Draft Consumer and Small Employer Advisory Committee Recommendation Regarding SHOP

November 2016

MNsure's Small Business Health Options Program (SHOP) is intended to help small employers in Minnesota provide insurance for themselves and their employees. In short, the program's goal is to "give small businesses and nonprofit organizations the same clout in the health insurance market that large companies already enjoy." While this has and continues to be a laudable goal, MNsure's SHOP exchange has fallen far short of expectations. Original estimates assumed roughly 1,300 employers would enroll in SHOP in its first year, with that number growing to roughly 13,000 by this year, 2016. Actual enrollment has been only a fraction of that, currently topping out at 292 employers. The low enrollment in SHOP not only highlights the fact that many small businesses have found it difficult and frustrating to navigate the SHOP exchange, it also underscores the fact that many small employers in Minnesota who could be helped through the federal small employer health insurance tax credit are not accessing it.

SHOP and the federal tax credit can and should be a lifeline for small employers who are struggling to offer or maintain health insurance for their employees. This lifeline is desperately needed at a time when small employers are leaving the small group market at an alarming rate (in the last two years, Minnesota's small group market has shrunk by one-third). In an effort to improve SHOP and increase access to the benefits of the federal small employer tax credit, MNsure should:

- Promote the benefits of SHOP, including the opportunity to pursue a before-tax defined contribution approach, employer/employee access to a menu of options for health insurance, broker assistance and administrative efficiency.
- Conduct outreach to SHOP's target market, small employers, through individual brokers and broker organizations, local chambers of commerce and other trade associations representing small employers across various industries.
- Support the state's request for federal waiver authority to allow qualifying small employers to access the federal small employer health insurance tax credit even if they enroll their employees in a small group health insurance plan that's offered outside of SHOP.
- Expand the SHOP broker pilot program.
- Invest in the functionality of SHOP and improve the user experience.
- Engage Minnesota's health insurance carriers to increase the number of product offerings through SHOP.
- Issue a request for proposals to a private vendor to operate SHOP.
- Support the creation of a phased-down state tax credit for years 3-5 of employer coverage, since the federal small employer tax credits ends after the first two years of an employer's offering of coverage.