

# Understanding Covered California's Small Business Coverage (SHOP)

If your practice has 50 or fewer full-time equivalent (FTE) employees, you may be able to purchase employer-sponsored health coverage for your employees through Covered California's Small Business Health Options Program (SHOP), the online health insurance marketplace for small businesses. There is, however, no penalty on businesses with 50 or fewer FTEs for not offering employer-sponsored coverage. Practices with 25 or fewer FTE employees may also be eligible for a tax credit for offering such coverage.

For exchange purposes, a full-time employee is one who works an average of 30 hours per week. Practices may also choose to extend coverage to part-time employees who work between 20-29 hours per week. Owners and shareholders generally are not counted in this calculation. Employees with an offer of SHOP coverage are generally ineligible for advance premium tax credits through Covered California's individual market.

Covered California gives physician practices and other small businesses the opportunity to offer employees a range of health insurance options, including health savings account (HSA) plans in many areas.

## FREQUENTLY ASKED QUESTIONS ABOUT SHOP

### What is the process for seeing my practice's coverage options in the SHOP and selecting a plan?

Visit Covered California's SHOP enrollment site (<https://www.coveredca.com/small-business/>). Employers can apply for SHOP by calling the Service Center at (877) 453-9198, via a paper application, or via a certified insurance agent.

You will be asked to choose a plan to offer your employees, of which at least 70 percent must participate, based on the plans available in your region. You must also define the percentage that you would like to contribute towards premiums for employee-only coverage, which must be at least 50 percent of the selected base plan's premium. If you choose to offer dependent coverage, you will define a percentage to contribute to those premiums as well. Employers who cannot meet the minimum participation and contribution requirements may only enroll during the SHOP special enrollment period from November 15 to December 15 each year.

Further details on these requirements can be found at Covered California's SHOP FAQ page (<https://www.coveredca.com/small-business/FAQs/Employer-Employee-Eligibility-Participation.html>).

A practice can enroll in the SHOP at any time during the year. Please refer to page 3 of Covered California's SHOP FAQ document for the enrollment timelines and coverage start dates.

### How do I know if my practice qualifies for the small business tax credit for offering health insurance?

To qualify, a small business must: 1) have fewer than 25 full-time equivalent employees; 2) pay average annual wages below \$50,000 per FTE; and 3) contribute at least 50 percent of each employee's premium. The tax credit cannot exceed the practice's actual income tax liability, and owners and shareholders generally are excluded when calculating the number of employees, wages or premium contribution amount. Use the tax credit calculator tool on the Covered California SHOP page to determine eligibility for your practice.

### Why should my practice purchase small group coverage through the SHOP?

- Covered California aims to simplify choices by providing side-by-side comparisons of health plans, their benefits, premiums and quality.
- Employees can be given a choice of plans from a number of insurers, making it more similar to a large employer experience.
- A practice may find convenience in the ability to choose its own level of contribution toward premiums and make a single monthly payment through Covered California rather than to multiple plans.
- Covered California may provide money-saving advantages to those purchasing through the SHOP by spreading insurers' administrative costs across more employers.
- The assistance of a Covered California Certified Insurance Agent is available to practices seeking SHOP coverage at no additional cost.

### Where can I go for more information or help enrolling in a SHOP plan?

For further assistance on the SHOP, practices can contact a Covered California Certified Insurance Agent or the Covered California SHOP Service Center at (877) 453-9198. There is no additional fee for using a Covered California Certified Insurance Agent. To locate an agent, use Covered California's agent locator tool at <http://bit.ly/1i86chL>.

#### Health Benefit Exchange Resources for Physicians

See CMAA's exchange resource page for information on exchange plan contracting, patient enrollment and eligibility, and more!

Learn more at [www.cmanet.org/exchange](http://www.cmanet.org/exchange)

