



SHOP TALK: Recommendations for Ensuring Best Health Coverage Outcomes For Children and Families

The Children's Partnership has been pleased to serve on the California Health Benefit Exchange (HBEX) Board's Stakeholder SHOP Work Group. There are key issues that, if addressed early, can serve not only to affirm the Board's commitment to Exchange options that serve children and families well, but to expand coverage and enhance opportunities for SHOP success.

As noted in The California Endowment's recently supported October 2011 report by Insight at Pacific Community Ventures (*Health Care + Small Business*), while 99% of employers with 200 or more employees in California offer employee health benefits, that percentage decreases significantly as the number of employees decreases. Only 61% of small businesses with 3-9 employees offer employee health coverage. According to the report, approximately two million Californians without health coverage live in a household headed by someone who works in a small business with fewer than 50 employees. Although a declining percent of children are insured through their parents' employer, large numbers of children in California—over half—still receive their health coverage through employer-sponsored insurance. In addition, many of the nearly 1 million children in California who have no health insurance today could receive their future coverage through their parents' employer or be referred through SHOP to the insurance option that is best suited for them. Consequently, having clear and effective ways to address coverage of dependent children through SHOP is particularly relevant.

SHOP can play a significant role in achieving the overarching goal of the Affordable Care Act to expand health coverage, especially by maximizing access to dependent children's coverage.

We hope that the California Health Benefit Exchange Board and its stakeholder Work Groups will address the following issues as SHOP operational and policy decisions are made.

I. ASSESS OPTIONS FOR DEPENDENT COVERAGE

Recently proposed federal rules include the option of requiring Qualified Health Plans (QHPs) in a SHOP to allow qualified employers to offer dependent coverage. HBEX and the stakeholder Work Groups should examine the range of coverage options and various "subsidies" that will be available for dependents (children) under the ACA and Exchange programs.

We recommend that, in defining rules around dependent coverage, the HBEX ensure that families are made aware of, and have access to, the most suitable and affordable coverage for children.

It is possible that dependent coverage provided through a SHOP could be more costly than "subsidized," child-only plans offered in the Individual Exchange, or that offering such dependent coverage could disqualify a child from eligibility for "subsidies" or enrollment in the Individual Exchange. In some cases, children will be eligible for Medicaid or Healthy Families coverage.

While noting that there is no current requirement that a SHOP or its qualified employers offer affordable dependent children's health coverage, we are concerned that qualified SHOP employees may not receive adequate information about or be linked to health coverage options for which dependent children may be eligible.

We recommend that the SHOP employee application, which is appropriately less comprehensive than the individual application used in the Exchange, provide an opportunity for qualified employees to indicate if they have dependents for whom health coverage is needed or sought.

This portion of a SHOP application could then be utilized to trigger the provision of information to qualified SHOP employees regarding non-SHOP coverage options for their dependents, including Medicaid and CHIP.

The ACA provides that, like the Exchange, "SHOP will improve access to information about plan benefits, quality, and premiums."

We recommend that SHOP be specifically required to provide information to qualified employees that will direct the employee to resources for determining eligibility for, and enrollment in, other available health coverage options, including Medicaid and CHIP, for dependents.

II. PROVIDE DIRECT LINKAGES TO INFORMATION ABOUT DEPENDENT COVERAGE PROGRAMS

It has been our understanding that the envisioned IT systems would provide a technology connection between SHOP and other available programs. Although broad Exchange standards envision and contemplate a single application portal for various coverage programs and the attendant eligibility screening and routing mechanisms, those linkages do not appear to be contemplated in California's development of a SHOP.

It is unclear if SHOP connections will be addressed in the imminent IT RFP, and we do not yet see any administrative processes contemplated that would integrate a SHOP and its qualified employees and dependents into the broader "streamlined and coordinated eligibility and enrollment" system. Even with such technological capability, we do not believe that mere theoretical access to the Exchange "portal" and its Web site are adequate to create a coordinated process.

We recommend that HBEX require the development and implementation of appropriate linkages between SHOP and other public coverage options.

With the imminent launch of an IT vendor contract, the time to articulate this SHOP expectation is now. Additionally, dependent children should have maximum opportunities to be screened for Medicaid or CHIP eligibility, and qualified SHOP employees should be provided information about, and access to, such programs.

It is important to acknowledge the fundamental distinction between how coverage information will be *sought* in the Individual Exchange, and how coverage will be *offered* or *obtained* in SHOP. Applicants in the Individual Exchange will be curious and *motivated* as they search for plan, benefit, and cost information. The SHOP employee will, almost by definition, be less self-directed and will likely be inclined to do as *directed*. The Individual Exchange and its central portal will presumably be used by individuals seeking coverage and information about coverage options. The current construct envisions providing those inquiring

individuals with a network of “assisters,” including ready access to navigators, a Web site, and a Call Center to respond to inquiries. SHOP enrollees, on the other hand, will not be *seeking* coverage; rather, they will be *responding* to an offer to select a plan from a limited number of choices.

This distinction should guide the development of SHOP policies and processes. Because the individual entering the Exchange will automatically be presented with various “assisters,” information, and multiple options to consider and the SHOP-qualified employee will not, we recommend that SHOP adopt policies and processes that bridge this deficit.

III. DEFINE THE TWO “CONSUMERS” IN SHOP: EMPLOYERS AND EMPLOYEES

The current construct of SHOP assumes that the qualified employer is the SHOP “consumer.” We recommend that HBEX explore how to broaden this perspective so that a qualified SHOP employee is also regarded as a SHOP “consumer,” and provided with information and assistance accordingly.

Care should be taken to identify and address the needs of both SHOP consumers. Because employees obtaining health coverage through SHOP may not generally be dealing directly with SHOP or the Exchange, but rather with an intermediary (either the employer or the employer’s designee or broker), it will be important for SHOP to ensure that employees (1) clearly understand their rights, options, and the source of information that will be provided to them (by employers, brokers, QHPs, the Exchange, SHOP, or issuers), and (2) are informed of the right to access their own health “account” and other information and to directly self-enroll. We recommend that SHOP be required to provide employees with such information.

IV. DEFINE THE ROLES OF EMPLOYERS AND BROKERS

It is anticipated that some qualified SHOP employers will want to continue existing insurance broker relationships to assist with employee insurance transactions. This prompts a need to examine the anticipated roles, duties, and functions of both employers and insurance brokers in the execution of SHOP business.

In addressing this dynamic, a number of important questions arise. We recommend that ongoing stakeholder engagement address issues such as:

- Who will, or should, actually enroll qualified employees?
- Who will provide information on plan selection and assist qualified employees with plan selection?
- Who will, or should, advise qualified employees of their right to access Exchange consumer assistance information via the Web site and/or Call Center?
- Who will, or should, assist qualified employees with claims or provider issues?
- How will employees know they have options other than coordinating through their employer or an employer’s insurance broker?
- How will the Exchange or SHOP provide oversight of broker functions within SHOP?
- Should SHOP consider establishing requirements and accountability standards for SHOP intermediaries, such as are likely to be developed for navigators in the Individual Exchange?

V. CLARIFY SUPPORT FUNCTIONS AND OBLIGATIONS OF ENTITIES WHO WILL ENGAGE WITH SHOP EMPLOYERS AND EMPLOYEES

There is a need to better understand which functions the Exchange, QHPs, and issuers will perform in SHOP. It appears that all of these entities are potentially involved in premium collections, enrollment processes and reconciliations, notices to employers and employees, management of coverage

terminations, and other key functions. In order for SHOP to succeed, qualified employers will need to know what administrative support will be provided by which entity, and employees will need to know from whom they can expect information, assistance, and notices.

We recommend that HBEX ensure that SHOP development includes clarification of such administrative functions.

VI. PROVIDE A BLUEPRINT FOR BUSINESS PROCESSES/OPERATIONAL MODEL

The stakeholder Work Groups have been asked to focus on business functions and processes that will be needed to implement both the Individual and SHOP Exchanges. It will be important to map out how the enrollment, insurance management, and employee assistance experience and processes will flow. In order to do that in SHOP, the basic framework or “model” for administering SHOP needs to be decided.

Various models for structuring the Exchange and SHOP are apparently being considered. California has experience with the CalPERS and Pac ADVANTAGE models as well as the current commercial broker relationship model.

While a CalPERS model could offer SHOP-qualified employers the broadest range of SHOP-related administrative and HR support, we recognize that SHOP employers may find the familiarity of their current insurance broker relationship preferable because it could be perceived as minimizing change.

We hope HBEX will make this structural decision by weighing the needs of employees and their families in equal measure to the needs of qualified employers. It will be the job of SHOP to craft a construct that is not only effective, but that offers employers *and* employees a high degree of confidence and support.

Just as the roles, responsibilities, and processes of the Exchange, SHOP, QHPs, and issuers will need to be clearly defined, so, too, will those of the employer and broker (or other employer-designated intermediary).

We recommend that HBEX quickly consider options for potential SHOP operational models.

VII. CONTINUE STAKEHOLDER WORK GROUP

The SHOP stakeholder Work Group has engaged in robust, transparent, and earnest discussion of a variety of core issues concerning establishment of a California SHOP. The stakeholder vehicle has been productive and insightful.

Because so many implementation decisions that matter greatly to the effectiveness of SHOP will be made over the next year, we recommend that HBEX continue the SHOP stakeholder Work Group.

FOR MORE INFORMATION

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