The Commonwealth of Kentucky

kynect State-Based Marketplace

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health coverage

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Small Business Health Options Program (SHOP) Certification Training Guide

July 18, 2025

Document Control Information

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Introduction

This Certification Course highlights key policies and procedures of the Small Business Health Options Program (SHOP). Agents and kynectors need to familiarize themselves with SHOP to better assist employers through the SHOP application process.

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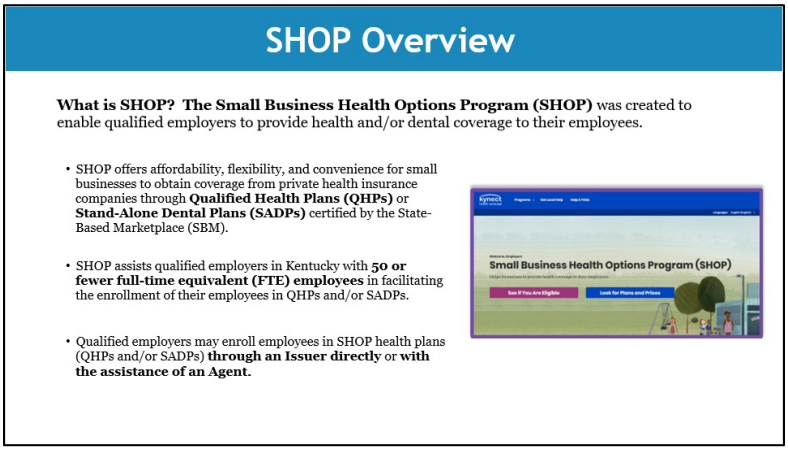
1. Small Business Health Options Program (SHOP) Overview

1.1 Small Business Health Options Program (SHOP) Overview

Slide Voice-over: What is SHOP? The Small Business Health Options Program, SHOP, was created to enable qualified employers to provide health and/or dental coverage to their employees. SHOP offers affordability, flexibility, and convenience for small businesses to obtain coverage from private health insurance companies through Qualified Health Plans (QHPs), or Stand-Alone Dental Plans (SADPs), certified by the State-Based Marketplace (SBM). SHOP assists qualified employers in Kentucky with 50 or fewer full-time equivalent employees in facilitating the enrollment of their employees in QHPs and/or SADPs. Qualified employers may enroll employees in SHOP health plans through an Issuer directly, or with the assistance of an Agent.



1.2 Small Business Health Options Program (SHOP) Eligibility Determination Process

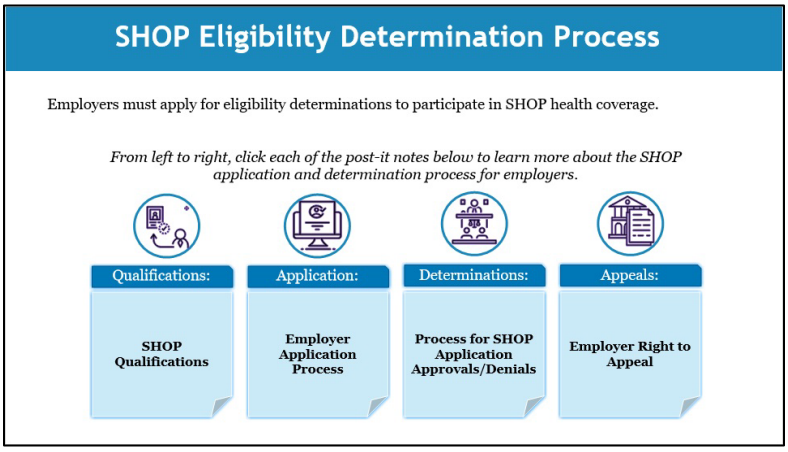
Slide Voice-over: In this section of the training guide, we will review how SHOP eligibility is determined. Employers must apply for eligibility determinations to participate in SHOP health coverage. Employers may apply to participate in SHOP health coverage through the online application form. The online application form consists of the following four qualifications:

1. Employers must have one (1) to 50 full-time equivalent (FTE) employees.
2. Employers must offer coverage to all full-time employees. Generally, workers averaging thirty or more hours per week.
3. Employers must enroll at least 50 percent of the employees who are offered insurance. Employees with other health coverage are not counted as rejecting the employer's offer.
4. Employers must have an office or employee work site within Kentucky.
   If an employer does not meet the 50 percent minimum participation requirement, they may enroll for health coverage between November 15 and December 15 of any year. During this time, the minimum participation requirement is waived. If eligible, employers may start offering SHOP coverage to employees at any time of year and decide on a waiting period for new employees hired after the Initial Enrollment Period.

- **Employer Application Process:** To apply for SHOP, employers may work directly with an Agent that has been SHOP-registered by the State-Based Marketplace, or with an Issuer offering SHOP QHPs and/or SADPs, to select a coverage option to offer to their employees. Here are two ways employers may apply:
  - Employers may choose to access the SHOP application directly through kynect. They may also choose to work with an Agent, Issuer, kynector, or Contact Center staff for assistance in completing the SHOP application.
  - Employers may choose to work directly with an Issuer to select QHPs and/or SADPs before applying for SHOP eligibility determinations through kynect.
  - If a kynector or the Contact Center assists in the SHOP application process, and the employer is determined eligible to enroll in SHOP health coverage, the employer will then be directed to an Agent or Issuer.
- **Employer Application Approval/Denial:** Once the employer's SHOP application is submitted through kynect, kynect will automatically notify the employer of the application approval or denial. We will walk through the process for application determinations:
  - For approvals, at any point during the year, if an employer is determined eligible to enroll in SHOP health coverage, employers have the option to purchase coverage for the full twelve-month plan year, starting on the qualified employer's effective date of coverage.
  - For denials, if the SHOP application for eligibility determination is denied, the employer has the right to submit an appeal for formal review.
- **Employer Right to Appeal:** If the employer's SHOP application is denied, the employer has the right to submit an appeal for formal review. For the purposes of kynect SHOP, an appeal is considered a formal desk review by KHBE. The following is a walk-through of the appeal process. Employers have the right to request a formal desk review for the following reasons:

  - The employer received a denial of eligibility notice.
  - kynect did not provide a timely eligibility determination notice, unless during unforeseen circumstances.
- If eligibility is denied, SHOP provides a written notice of the right to request a formal desk review that includes:
  - The reason for the denial, including a reference to the appropriate regulations.
  - Next steps that an employer may take to request a formal desk review.

KHBE then uses the information submitted through the employer's application and any additional documentation to process a formal desk review. During this process, KHBE will log and track the formal desk reviews with its supporting documents and time stamps, then, KHBE will conduct a phone interview with the employer to review information included in the application.



Please note: There is no manual paper process for employers. If SHOP is unavailable through kynect, or employers have trouble accessing SHOP through kynect, employers should contact an Agent or Issuer.

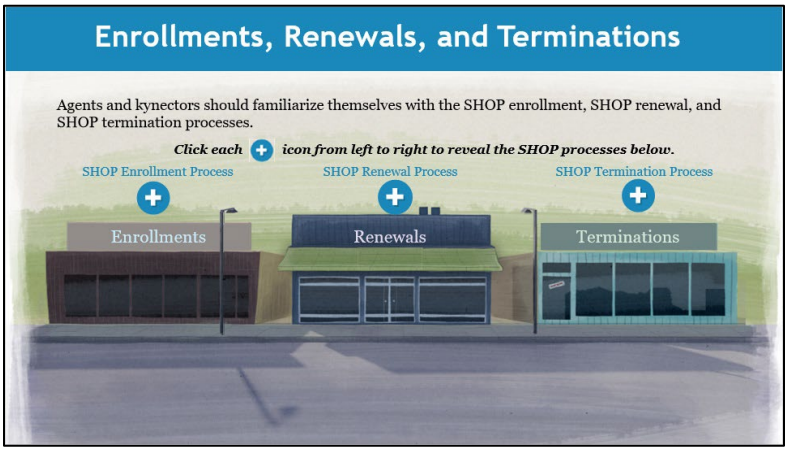
Please note: An employer may request a formal desk review to KHBE within 90 days from the date of the notice of denial. Requests are considered valid if submitted within this 90-day period. Employers may submit these requests and evidence supporting the request by telephone, mail, or email, which can be found on the kynect SHOP site.

Please note: If KHBE determines that the employer meets the necessary requirements after completing the desk review, a new SHOP application must be submitted. If an employer is found ineligible, the decision is effective as of the date of the formal desk review notice. Upon completing the formal desk review, KHBE's decision is final.

1.3 Enrollments, Renewals, and Terminations

Slide Voice-over: Agents and kynectors should familiarize themselves with the SHOP enrollment, SHOP renewal, and SHOP termination processes.

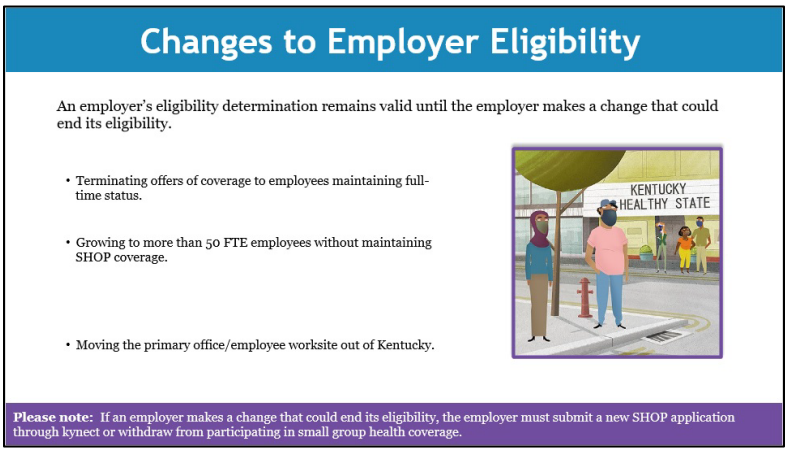
- **Enrollments:** Employers may check eligibility for SHOP coverage through kynect. If the employer is found to be eligible, they may enroll with the help of an Agent or through an Issuer directly.
- **Renewals:** Renewal for SHOP coverage occurs through an Agent or Issuer. Employees will have the opportunity to change plans, add a dependent, or opt out if needed. If no changes are needed, employees can renew their plan from the previous year.
- **Terminations:** Employers may request terminations of coverage through Agents or Issuers. Issuers terminations of QHP and SADP coverage and send termination notices. An employer's eligibility determination remains valid until the employer makes a change that could terminate its eligibility.



1.4 Changes to Employer Eligibility

Slide Voice-over: As mentioned in the previous section, an employer's eligibility determination remains valid until the employer makes a change that could end its eligibility. Below are a few changes that may potentially impact eligibility:

- Terminating offers of coverage to employees maintaining full-time status. Growing to more than 50 full-time equivalent employees without maintaining SHOP coverage.
- Employers who grow to over 50 full-time equivalent employees do not lose their eligibility unless they fail to meet other requirements or choose to no longer purchase coverage.
- Moving the primary office or employee worksite out of Kentucky.

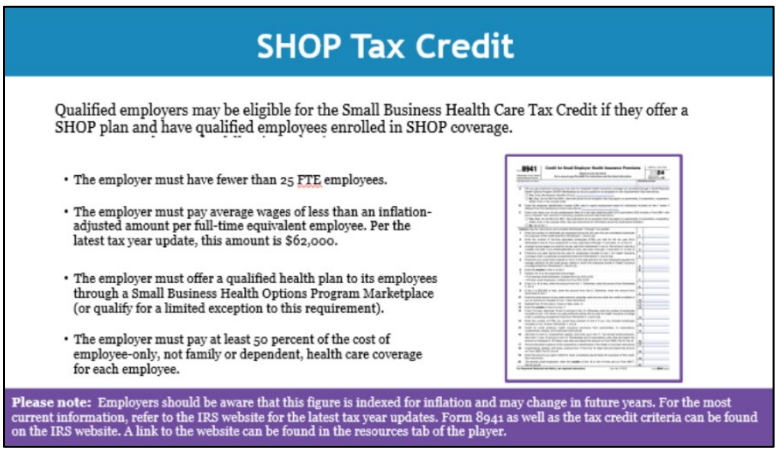


Please note: If an employer makes a change that could end its eligibility, the employer must submit a new SHOP application through kynect or withdraw from participating in small group health coverage.

1.5 Small Business Health Options Program (SHOP) Tax Credit

Slide Voice-over: Another benefit of SHOP for employers is the SHOP tax credit. Qualified employers may be eligible for the Small Business Health Care Tax Credit if they offer a SHOP plan and have qualified employees enrolled in SHOP coverage. Employers must complete Form 8941 and meet the following criteria:

1. The Employer must have fewer than 25 FTE employees.
2. The Employer must also pay average wages of less than an inflation-adjusted amount per full-time equivalent employee. Per the latest tax year update, this amount is $62,000.
3. Employers must also offer a qualified health plan to its employees through a Small Business Health Options Program Marketplace or qualify for a limited exception to this requirement.
4. The employer must pay at least 50 percent of the cost of employee-only, not family, or dependent, health care coverage for each employee.



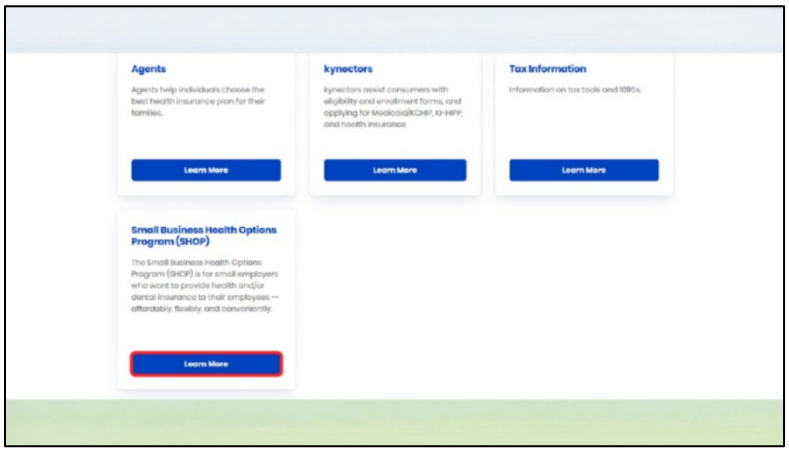
Please note: Employers should be aware that this figure is indexed for inflation and may change in future years. For the most current information, refer to the IRS website for the latest tax year updates. Form 8941, as well as the tax credit criteria, can be found on the IRS website.

2. Small Business Health Options Program (SHOP) Application Navigation

2.1 Navigate to Small Business Health Options Program (SHOP)

Slide Voice-over: The SHOP application demonstration will begin by navigating to the kynect health coverage website, found at kynect.ky.gov/healthcoverage. From here users would navigate to the **Small Business Health Options Program (SHOP)** tile which can be found by scrolling down to the middle of the page.

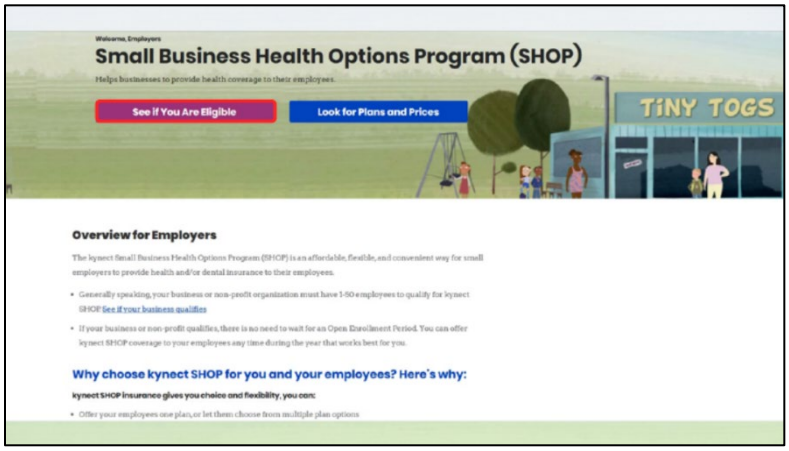
1. Click **Learn more** to move to the next section.



2.2 See if You Are Eligible

Slide Voice-over: Users are then routed to the SHOP Program kynect homepage. As a best practice, it is advised to review the *Overview for Employers*. Users will also be provided with answers to frequently asked SHOP questions for employers. Additionally, from this screen, users may initiate a SHOP Eligibility Application by clicking **See if You Are Eligible**. Moreover, users may also shop for plans and pricing by clicking **Look for Plans and Prices**.

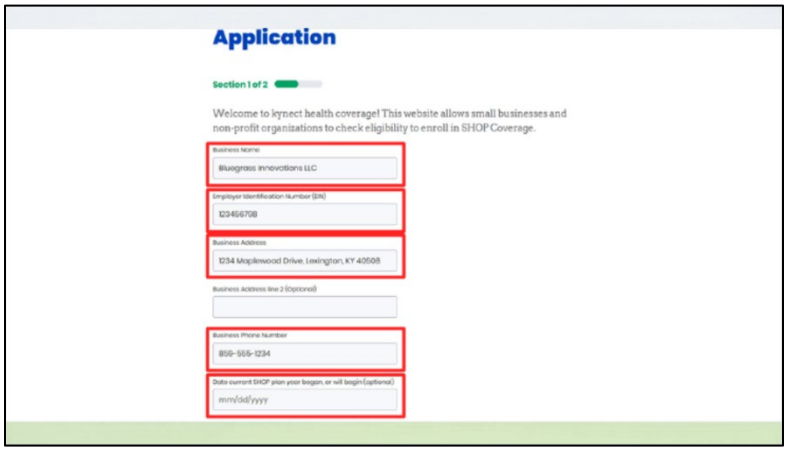
2. Click **See if You Are Eligible** to begin the application.



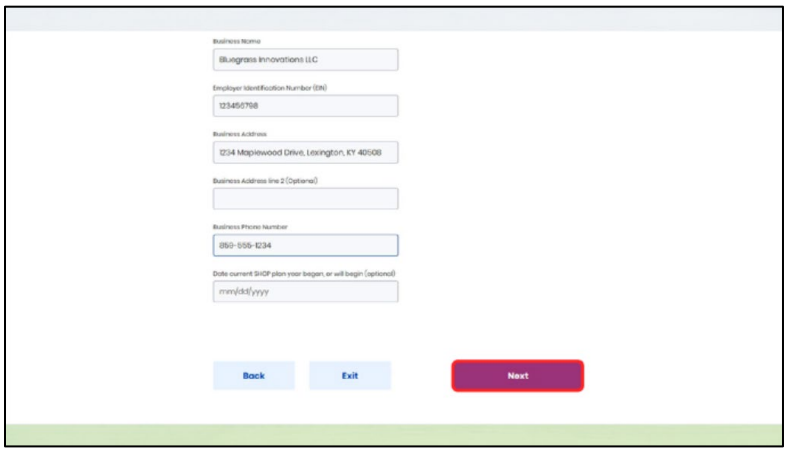
2.3 Small Business Health Options Program (SHOP) Application: Section 1

Slide Voice-over: The SHOP application is divided into two main sections that employers need to complete. Below are steps to complete the first section:

3. Enter the **Business Name**.
4. Enter their **Employer Identification Number (EIN)**.
5. Enter the **Business Address**.
6. Enter the **Phone Number**.
7. Optional: There is also a field to select **Date current SHOP plan year began, or will begin**— be sure to choose the appropriate year, month, and day from the calendar. This date is optional, so users may fill it in if they know it, but it is not required.



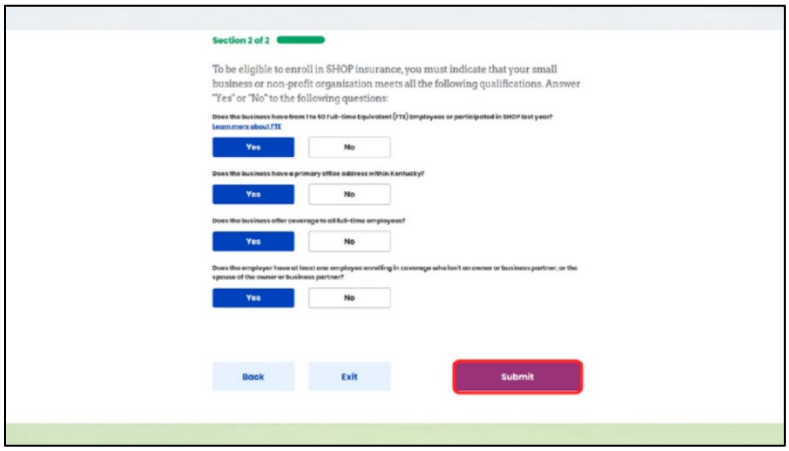
8. Click **Next** to move on to section two of the SHOP eligibility application.



2.4 Small Business Health Options Program (SHOP) Application: Section 2

Slide Voice-over: In Section two of the application, users will be asked a series of yes or no questions about their business. For this demonstration we will select yes to the questions during the review in this section. In question one, the employer will indicate whether the business has between one (1) and 50 full-time equivalent employees who participated in SHOP last year. Next, employers will need to confirm whether the primary office address is located within Kentucky.
Users will also answer if the business offers coverage to all full-time employees. In the final question, employers will need to confirm if there is at least one (1) employee enrolling in coverage who is not an owner, business partner, or their spouse.

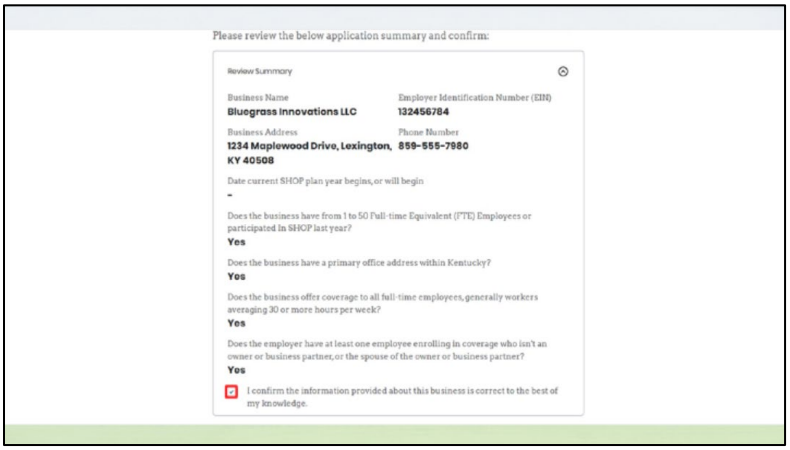
9. Click **Yes** or **No** for each question.
10. Click **Submit** to move to the **Eligibility Results** screen.



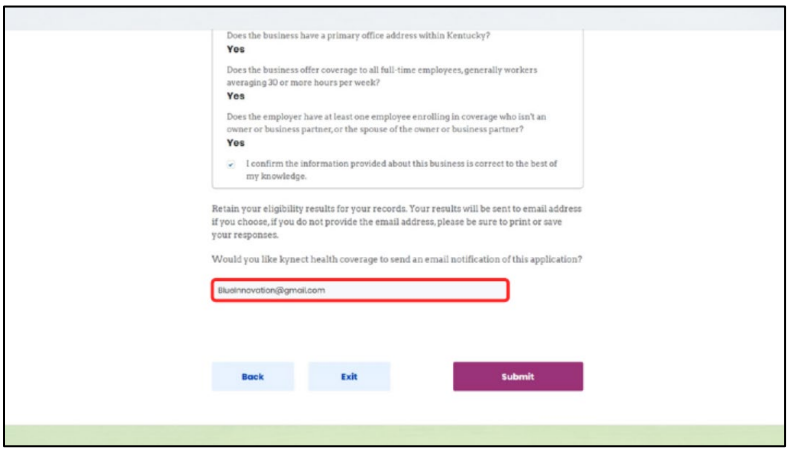
2.5 Eligibility Results

Slide Voice-over: After submitting the SHOP eligibility application, users will be directed to the **Eligibility Results** screen. Here are a few key items to be aware of:

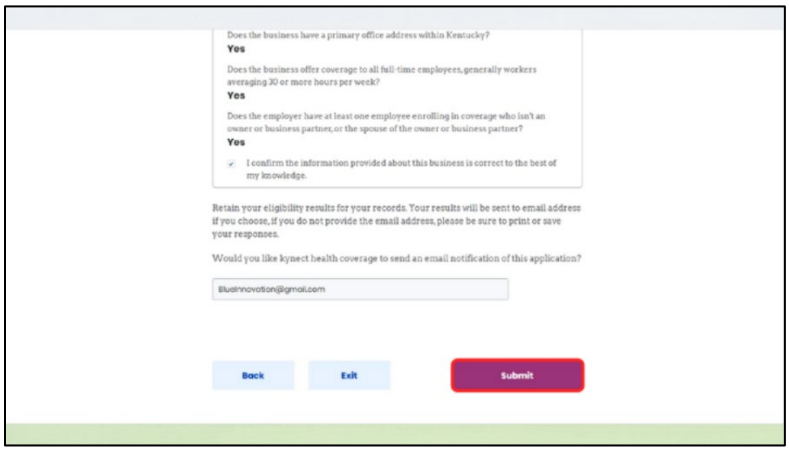
11. In the middle of the screen, within the review summary, users must click the **check box** confirming that the information provided is correct to the best of the employer's knowledge.



12. Users have the option to enter an **email address** to receive an electronic copy of the eligibility results. If the employer chooses not to provide an email address, they should print their eligibility results for their records.



13. Click **Submit** to proceed to the **Next Steps** screen.

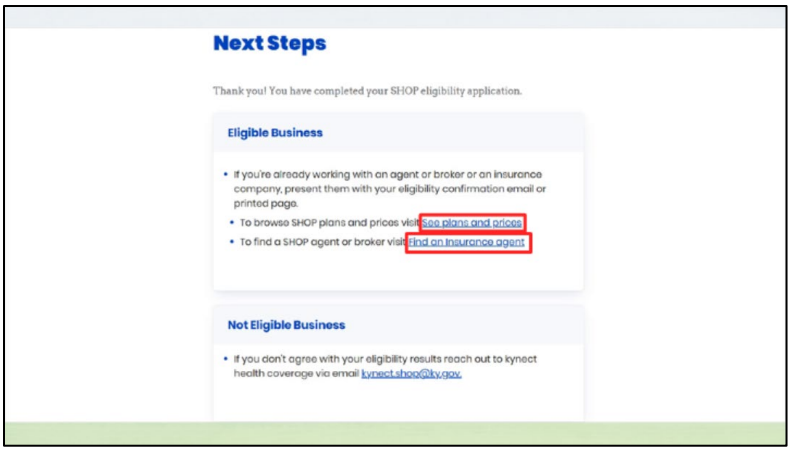


2.6 Next Steps

Slide Voice-over: Users will then navigate to the **Next Steps** screen. The **Next Steps** screen allows employers to window shop for plans and prices or connect with an Agent.

14. Click **See Plans and Prices** to window shop for plans, compare prices, and view the next steps to enroll in the plan through an Agent or Issuer. Users would then complete the required information.
15. Or click **Find an Insurance Agent**. Here users would complete the required information to locate an Agent.

Additionally, employers will have the ability to reach out to kynect health coverage if they do not agree with their eligibility results.

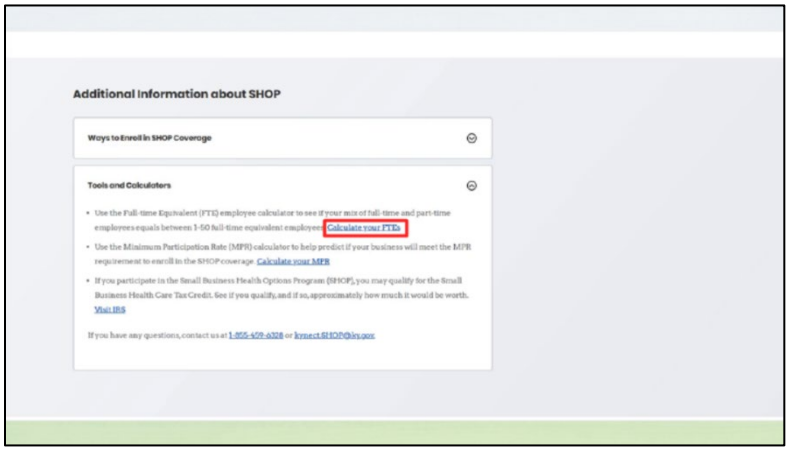


Please note: Employers may window shop for plans but cannot enroll in SHOP coverage themselves. Employers may only enroll in SHOP coverage by either contacting an Agent that has been SHOP-registered by the State-based Marketplace, or by enrolling directly through an Issuer who offers SHOP eligible QHPs and/or SADPs.

2.7 Tool 1: Calculate your Full-time Equivalent Employees (FTE)

Slide Voice-over: There are two useful tools that users should be aware of. These tools are the SHOP calculators, which can be accessed at the bottom of the **kynect health coverage SHOP program** page. These tools are located under the section labeled *Additional Information about SHOP*. Located here, are two calculators available to assist employers in determining eligibility. The first is the Full-time Equivalent Employee (FTE) calculator and the second is the Minimum Participation Rate (MPR) calculator.

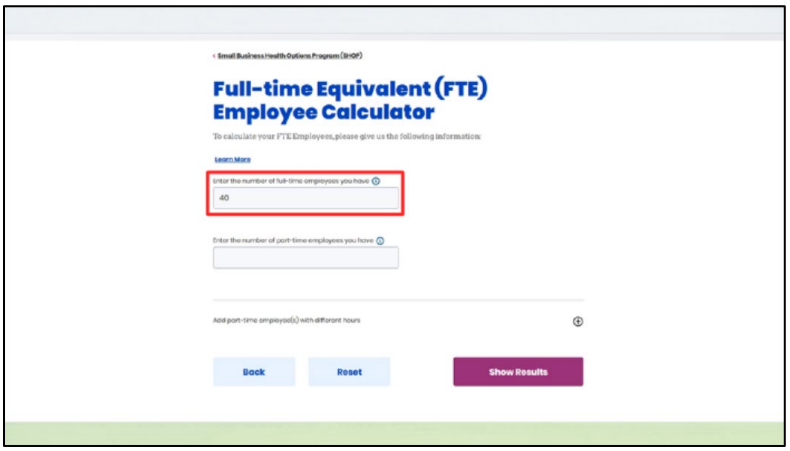
1. We will first explore the FTE calculator. Click **calculate your FTEs**.



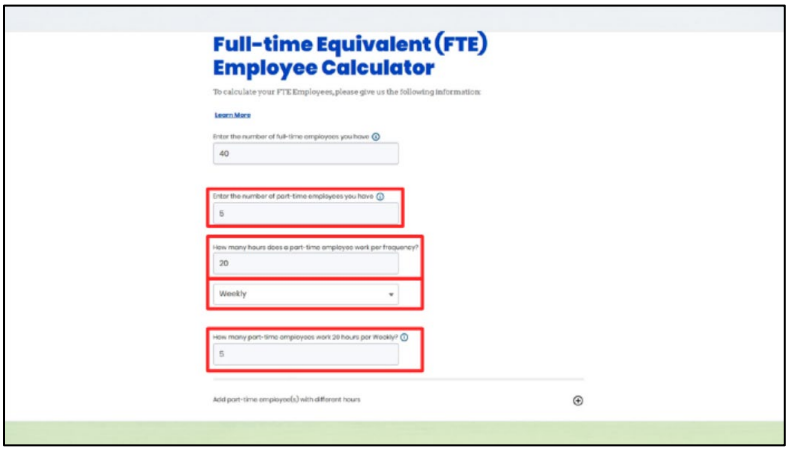
2.8 Tool 1: Calculate your Full-time Equivalent Employees (FTE) Overview

Slide Voice-over: The FTE calculator helps employers determine whether their mix of full-time and part-time employees equals between one (1) and 50 full-time equivalent employees. Here, users will need to:

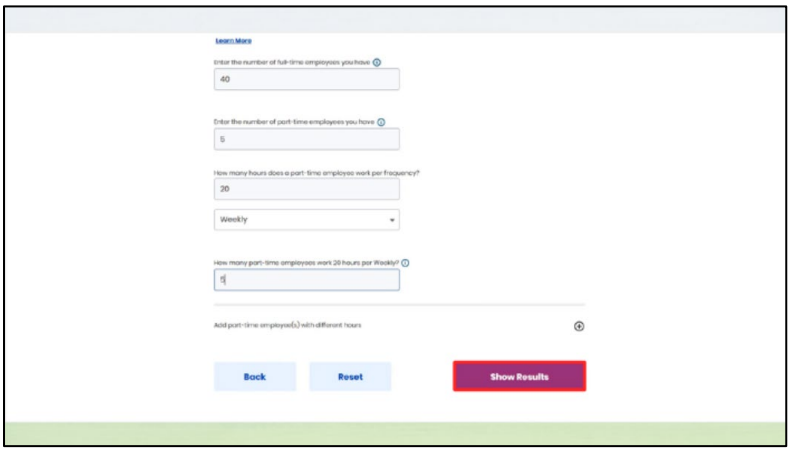
2. Enter the **number of full-time employees**.



3. Enter the **number of part-time employees**, if applicable. If the employer has part-time employees, users will also need to enter: **The number for how many hours a part-time employee works per frequency**, **the frequency of pay**, and **the number for how many part-time employees work the specified hours per frequency**, which in this case we use a weekly frequency.

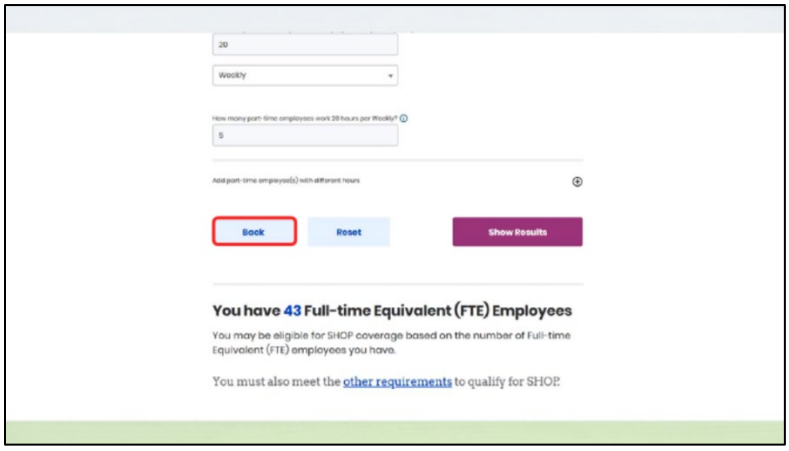


4. Click **Show Results** after all information is entered.



Slide Voice-over: By clicking **Show Results**, the number of full-time equivalent employees the employer has displays.

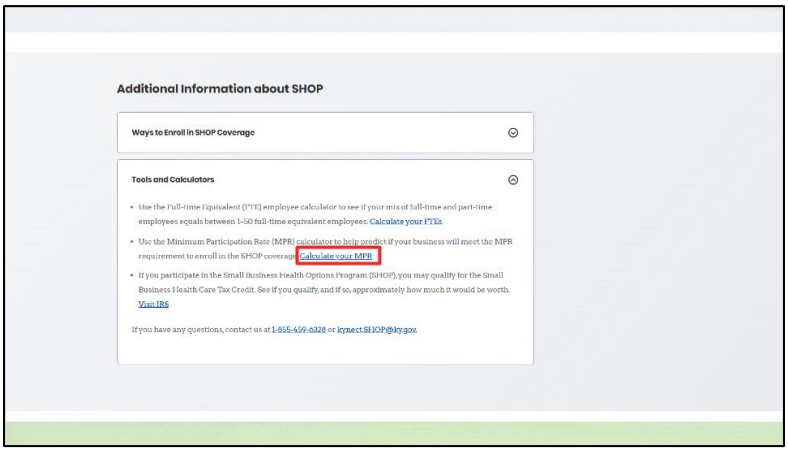
5. Click **Back** to navigate back to the **SHOP** home screen to learn about the minimum participation rate tool.



2.9 Tool 2: Calculate your Minimum Participation Rate (MPR)

Slide Voice-over: The second useful tool we will review is the MPR calculator.

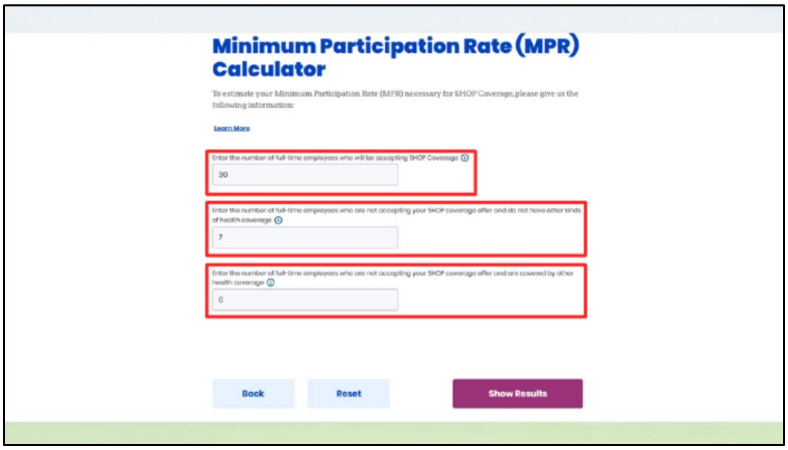
1. Click **Calculate your MPR**.



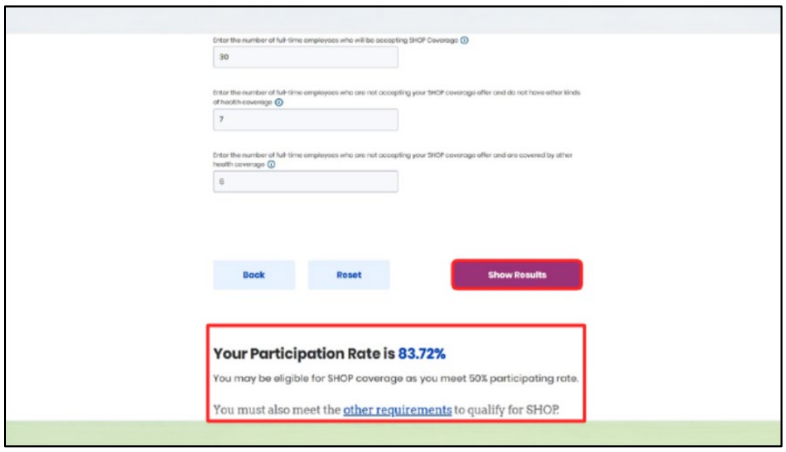
2.10 Tool 2: Calculate your Minimum Participation Rate (MPR) Overview

Slide Voice-over: The MPR calculator helps employers determine their eligibility for SHOP coverage. 50 percent or more of the employees offered coverage must accept the offer for an employer to qualify for SHOP coverage. Here, users will need to:

2. Enter the **number of full-time employees who will be accepting SHOP coverage**.
3. Enter the **number of full-time employees who are not accepting your SHOP coverage offer and do not have other kinds of health coverage**.
4. Enter the **number of full-time employees who are not accepting your SHOP coverage offer and are covered by other health coverage**.



5. Click **Show Results** to view the participation rate.

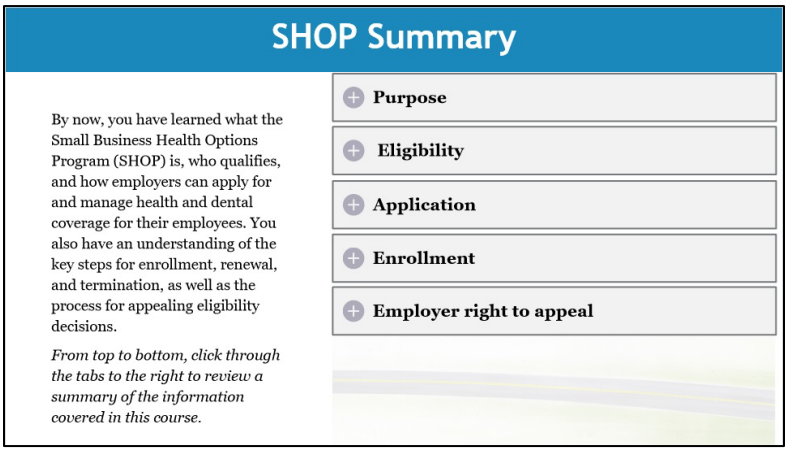


3. Small Business Health Options Program (SHOP) Summary and Resources

3.1 Small Business Health Options Program (SHOP) Summary

Slide Voice-over: By now, users have learned what the Small Business Health Options Program, SHOP, is, who qualifies, and how employers can apply for and manage health and dental coverage for their employees. Users also have an understanding of the key steps for enrollment, renewal, and termination, as well as the process for appealing eligibility decisions.

- **Purpose:** SHOP offers affordability, flexibility, and convenience for small businesses. SHOP allows small businesses to obtain coverage from private health insurance companies through QHPs or SADPs certified by the State-Based Marketplace (SBM).
- **Eligibility:** Employers in Kentucky with 50 or fewer full-time equivalent employees may be eligible if they meet specific criteria. This includes, but is not limited to, the number of employees, minimum participation rates, and business locations.
- **Application:** Employers apply for eligibility determinations for SHOP health coverage through the SHOP online application located on the kynect health coverage website.
- **Enrollment:** Employers enroll in SHOP coverage by contacting an Agent, or directly through an Issuer offering QHPs and SADPs as coverage options for employees.
- **Employer right to appeal:** If an employer does not agree with the eligibility determination, or the timelines of the eligibility decision made through kynect, they may request an appeal through a formal desk review within ninety days from the date of the notice of denial.



3.2 Small Business Health Options Program (SHOP) Resources

Slide Voice-over: For those who would like to learn more about SHOP, here are a few helpful resources to consider:

- **SHOP IRS website:** SHOP IRS website
- **SHOP kynect health coverage homepage:** SHOP kynect health coverage homepage
- **SHOP Form 8941:** SHOP Form 8941