

The Commonwealth of Kentucky
kynect State-Based Marketplace



**Small Business Health Options
Program (SHOP) Training Guide**

August 26, 2022

Document Control Information**Document Information**

Document Name	Small Business Health Options Program (SHOP) Training Guide
Project Name	kynect health coverage (SBM)
Client	Kentucky Cabinet for Health and Family Services
Document Version	3.0
Document Status	Revised Submission
Date Released	August 26, 2022

Document Edit History

Version	Date	Additions/Modifications
1.0	August 6, 2021	First Submission
2.0	August 16, 2022	Revised Submission
3.0	August 26, 2022	Revised Submission

Introduction

The Small Business Health Options Program (SHOP) is a program available for small employers who want to provide affordable, flexible, and convenient health and/or dental insurance to their employees. During this Training Guide, Agents and kynectors will learn about foundational policies and procedures that govern SHOP and the system functionality of kynect SHOP.

Table of Contents

1	Introduction to the Small Business Health Options Program (SHOP)	4
1.1	What is kynect SHOP?.....	4
1.2	SHOP Employer Application	4
1.4	Approval or Denial of Employer Application.....	5
1.5	Employer Right to Appeal (Formal Desk Review).....	6
1.6	Changes to Employer Eligibility.....	8
1.7	Minimum Participation Rate (MPR).....	8
1.8	Contact Center	9
1.9	Enrollments, Renewals, and Terminators	10
1.10	Governing Policies and Regulations for SHOP.....	11
1.11	QHP Metal Levels of Coverage.....	13
1.12	Small Business Health Care Tax Credit.....	13
1.13	Small Business Health Care Tax Credit.....	14
2	Glossary of Common Terms to know in kynect SHOP	15
2.1	Glossary of Common Terms to Know in kynect SHOP	15
3	Assessment	17

Please note: Screenshots may not be representative of actual system behavior. All specific information found in this training guide is test data and not representative of any kynect client.

1 Introduction to the Small Business Health Options Program (SHOP)

1.1 What is kynect 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).

Kentucky's kynect SHOP is designed to assist qualified employers in Kentucky with **50 or less full-time equivalent (FTE) employees** in facilitating the enrollment of their employees in QHPs and/or SADPs offered in the small group market. Beginning November 1, 2021, employers may apply on kynect health coverage for SHOP eligibility determination. Qualified Employers may enroll employees in SHOP health plans through an Issuer directly or with the assistance of an Agent for coverage beginning January 1, 2022. From January 1, 2022 onward, employers can apply for SHOP eligibility determination and, if eligible, enroll employees any time of year.

FTE is the calculation of an employee's scheduled hours divided by the employer's hours for a full-time work week (30 hours).

Please note: Stand-Alone Dental Plans (SADPs) may or may not be offered on kynect SHOP each year.

1.2 SHOP Employer Application

Employers must apply for eligibility determinations to participate in kynect SHOP health coverage. The online application form consists of the following four qualifications:

Qualifications:
<ul style="list-style-type: none"> • Have 1-50 full time equivalent (FTE) employees. • Offer coverage to all full-time employees – generally workers averaging 30 or more hours per week. • Enroll at least 50% of the employees who are offered insurance. Employees with other health coverage are not counted as rejecting as employers' offer. • Have an office/employee work site within Kentucky.

Please note: If employers do not meet the 50% minimum participation requirement, employers can enroll for health coverage between November 15 – December 15 of any year. During this time, the minimum participation requirement is waived. If eligible, employers can start offering SHOP coverage to employees any time of year and decide on a waiting period for new employees hired after the initial enrollment period.

Employer Application Process

Employers may work directly with an Agent that has been SHOP-registered by the State-Based Marketplace or with an Issuer offering kynect SHOP QHPs and/or SADPs to select a coverage option to offer to its employees. Employers may choose to access the application directly on kynect SHOP and may work with an Agent, Issuer, kynector, or Contact Center staff for assistance in completing the application.

Additionally, employers may work with Issuers to select QHPs and/or SADPs before applying for eligibility determinations on kynect SHOP. If a kynector or the Contact Center assists in the application process and the employer is determined eligible to enroll in kynect SHOP health coverage, the employer is directed to Agents or Issuers.

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



1.4 Approval or Denial of Employer Application

Once the application is submitted, kynect SHOP automatically notifies the employer of approval or denial. At any point during the year, if an employer is determined eligible to enroll in kynect SHOP health coverage, employers have the option to purchase coverage for the full 12-month plan year starting on the qualified employer's effective date of coverage.

If the application for eligibility determinations is denied, the employer has the right to submit an appeal for formal review. More detailed information on the application process and desk review procedures can be found at the [kynect SHOP page](#).

1.5 Employer Right to Appeal (Formal Desk Review)

If the application for eligibility determinations is denied, the employer has the right to submit an appeal for formal review. The following is a walk-through of the appeal process:

Step 1

For the purposes of kynect SHOP, an appeal is considered a formal desk review by KHBE.

Employers have the right to request a formal desk review for the following reasons:

- They received a denial of eligibility notice.
- kynect SHOP did not provide a timely eligibility determination notice, unless during unforeseen circumstances.

Step 2

If eligibility is denied, kynect 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 regulation(s).
- The next steps that an employer may take to request a formal desk review.

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 these 90 days. Employers may submit these requests and evidence supporting the request via:

- Telephone at (855)-459-6328.
- Mail at KHBE, 275 E. Main Street, 4 W-E, Frankfort, KY 40621.
- Email at kynect.SHOP@ky.gov.

Step 3

KHBE uses the information submitted through the employer's application and any additional documentation to process a formal desk review.

- 1 KHBE will log and track the formal desk reviews with its supporting documents and time stamps.
- 2 KHBE will conduct a phone interview with the employer to review information included in the application.

If the employer cannot be reached by phone, KHBE will contact the employer by mail or email.

Summary

If KHBE determines that the employer meets the necessary requirements after completing the desk review, a new application must be submitted.

If an employer is found ineligible, the decision is effective as of the date of the formal desk review notice. KHBE's decision is final.

1.6 Changes to Employer Eligibility

An employer's eligibility determination remains valid until the employer makes a change that could end its eligibility. Changes that could end eligibility include:

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

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

1.7 Minimum Participation Rate (MPR)

The minimum participation rate (MPR) in kynect SHOP health coverage is 50% of qualified employees who are offered insurance, not including employees with other health coverage.

Employers should work with Issuers to calculate the number of qualified employees needed to enroll in kynect SHOP health coverage to meet the 50% minimum participation rate. An employer's minimum participation rate is calculated as:

Minimum Participation Calculation

$$\frac{\text{Number of qualified employees accepting coverage}}{\text{Number of qualified employees offered coverage}^*}$$

*Excluding from the calculation any employee who, at the time the employer submits a kynect SHOP application, is enrolled in coverage through another employer's group health plan or through a governmental plan such as Medicare, Medicaid, or TRICARE. Additionally, qualified employees who are former employees or retirees are not counted.

The MPR Calculator can also be used to calculate an employer's minimum participation rate.

1.8 Contact Center

Employers have the option to work with the Contact Center to complete the eligibility determination application. kynect SHOP offers a Contact Center that provides information to employers about eligibility and enrollment processes and directs employers to Agents, Issuers, kynectors, and the kynect SHOP website.

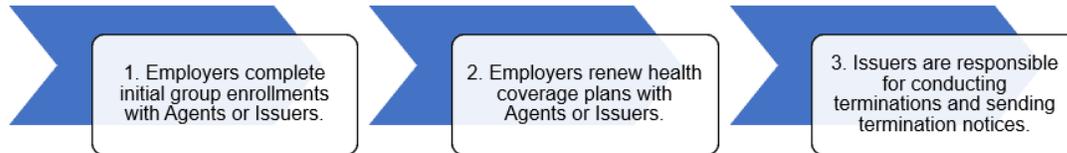
Further assistance regarding kynect SHOP can be obtained by contacting the Contact Center:

- 1 Call (855)-459-6328 to speak with a representative.
- 2 Email a request to KHBE.Program@ky.gov.



1.9 Enrollments, Renewals, and Terminators

Employers enroll in kynect SHOP coverage by contacting Agents or enroll directly through Issuers who offer QHPs and/or SADPs.



Shopping for Plan Options (Window Shopping)

Window Shopping allows employers to preview plan options and prices in the State-Based Marketplace without logging in, creating an account, or completing an application for an eligibility determination. Employers may use the following search filters to view different QHPs and/or SADPs:

- Insurance company
- Plan type
- Metal level
- Plan ID
- Quality rating
- Monthly premium
- Annual deductible
- Out-of-pocket maximum

Enrollment

Issuers offering QHPs and/or SADPs must provide Special Enrollment Periods (SEPs). During this period, qualified employees and their dependents may enroll in QHPs and enrollees may change QHPs. SEPs are periods outside of the initial group enrollment period or annual Open Enrollment Period.

Renewal Guidelines

A renewal is the annual period when an employer is able to change employee plan offerings and employees are able to change their plans. 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. Renewal for kynect SHOP coverage occurs through an Agent or Issuer.

Employer Terminations Process

An employer's eligibility determination remains valid until the employer makes a change that could end its eligibility. Employers may request terminations of coverage through Agents or Issuers. Issuers conduct terminations of QHP and/or SADP coverage and send termination notices.

1.10 Governing Policies and Regulations for SHOP

Under the Patient Protection and Affordable Care Act (ACA) revised and amended by the Health Care and Education Reconciliation Act enacted in March 2010, SHOP was created to enable qualified employers to provide health and/or dental coverage to their employees.

Patient Protection and Affordable Care Act

The Patient Protection and Affordable Care Act was the first part of the comprehensive health care reform law enacted on March 23, 2010. The name "Affordable Care Act" is usually used to refer to the final, amended version of the law. It is commonly known as the PPACA, the ACA, or Obamacare the law provides numerous rights and protections that make health coverage more fair and easy to understand, along with subsidies such as Advance Premium Tax Credits and Cost-Sharing Reductions to make it more affordable. The law also **expands the Medicaid program** to cover more people with low incomes.

Health Care and Education Reconciliation Act

On March 30, 2010, The Health Care and Education Reconciliation Act of 2010 was signed seven (7) days after the Patient Protection and Affordable Care Act was signed into law. This law makes a number of health-related financing and revenue changes to the Patient Protection and Affordable Care Act and modifies higher education assistance provisions.

1.11 QHP Metal Levels of Coverage

Plans in kynect are presented in up to four levels: **bronze, silver, gold, and platinum.**

QHP metal levels have nothing to do with the quality of care provided. The levels are used to establish cost-sharing percentages between employers and their employees.

Please note: These percentages are based on estimated averages for a typical population. Individual employer/employee costs may vary.

See the table below for a breakdown of coverage costs:

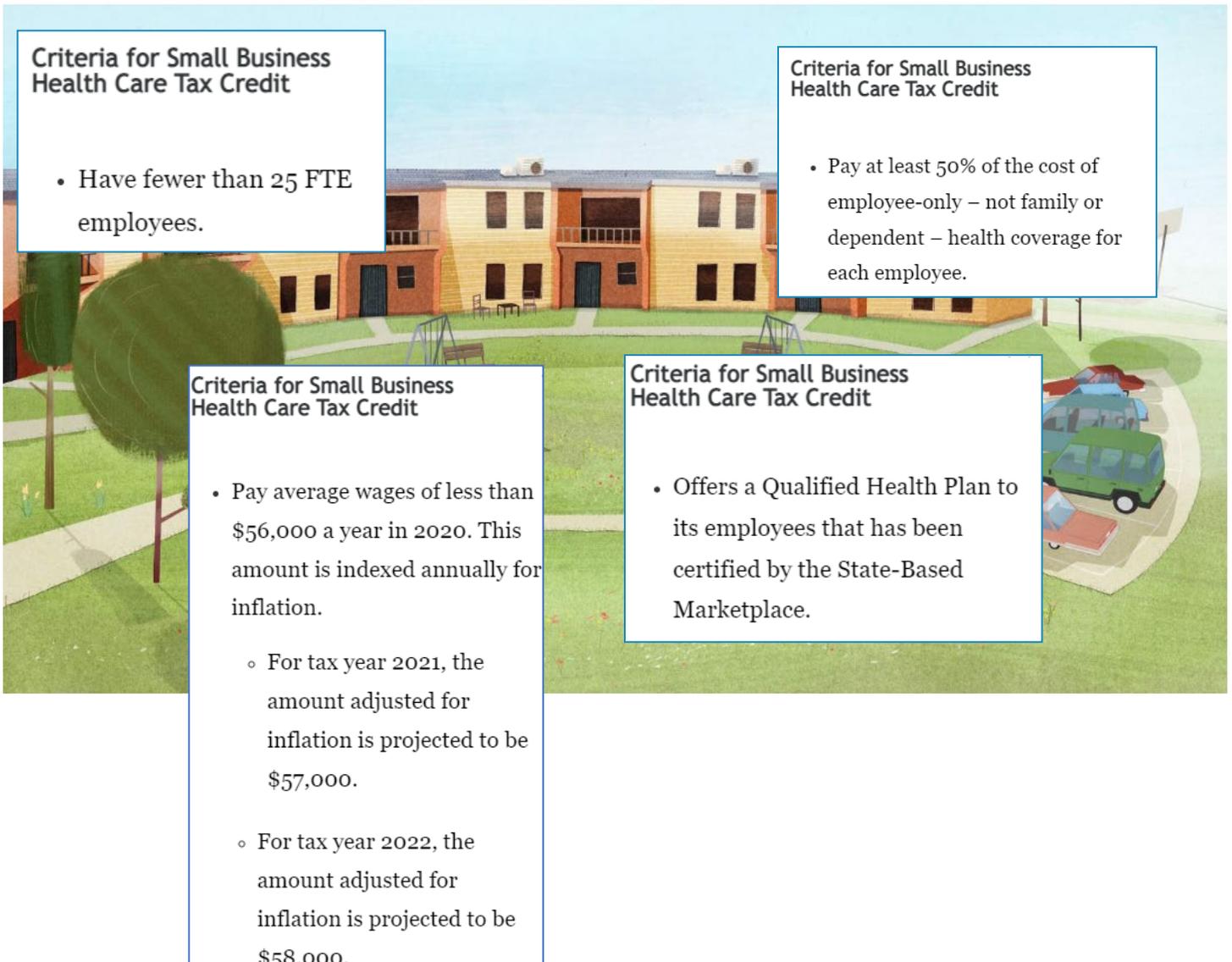
Average Costs of QHP Metal Levels

Plan Category	Average Cost of Care Paid by the Insurance Company	Average Cost of Care Paid by Employees
Bronze	Fifty-eight to sixty-two percent (58%-62%)	Thirty-eight to forty-two percent (38%-42%)
Expanded Bronze	Fifty-eight to sixty-five percent (58%-65%)	Thirty-five to forty-two percent (35%-42%)
Silver	Seventy to seventy-two percent (70%-72%)	Twenty-eight to thirty percent (28%-30%)
Gold	Seventy-eight to eighty-two percent (78%-82%)	Eighteen to twenty-two percent (18%-22%)
Platinum	Eighty-eight to ninety-two percent (88%-92%)	Eight to twelve percent (8%-12%)

Please note: Expanded Bronze plans, which is a subcategory of Bronze, pay for some medical services before you meet the deductible, and can have higher actuarial values than other bronze plans.

1.12 Small Business Health Care 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, provided the following criteria are met:



1.13 Small Business Health Care Tax Credit

Eligible small employers use Form 8941 to determine the credit for small employer health insurance premiums for tax years beginning after 2009.

For tax years beginning after 2013, the credit is only available for two (2) consecutive tax year credit periods.

Form 8941 Department of the Treasury Internal Revenue Service	Credit for Small Employer Health Insurance Premiums ▶ Attach to your tax return. ▶ Go to www.irs.gov/Form8941 for instructions and the latest information.	OMB No. 1545-2198 2020 Attachment Sequence No. 65
Name(s) shown on return		Identifying number
<p>A Did you pay premiums during your tax year for employee health insurance coverage you provided through a Small Business Health Options Program (SHOP) Marketplace (or do you qualify for an exception to this requirement)? See instructions.</p> <input type="checkbox"/> Yes. Enter Marketplace Identifier (if any) ▶ _____ <input type="checkbox"/> No. Stop. Do not file Form 8941. See instructions for an exception that may apply to a partnership, S corporation, cooperative, estate, trust, or tax-exempt entity.		
<p>B Enter the employer identification number (EIN) used to report employment taxes for individuals included on line 1 below if different from the identifying number listed above ▶ _____</p>		
<p>C Does a tax return you (or any predecessor) filed for a tax year beginning in 2014, 2015, 2016, 2017, or 2018 include a Form 8941 with line A checked "Yes" and line 12 showing a positive amount?</p> <input type="checkbox"/> Yes. Stop. Do not file Form 8941. See instructions for an exception that may apply to a partnership, S corporation, cooperative, estate, trust, or tax-exempt entity. Also see instructions for information about the credit period limitation. <input type="checkbox"/> No. Go to line 1.		

Please note: More information regarding the tax credit can be found on the [IRS Small Business Health Care Tax Credit and the SHOP Marketplace](#) website.

2 Glossary of Common Terms to know in kynect SHOP

2.1 Glossary of Common Terms to know in kynect SHOP

Below is a listing of common terms and applicable acronyms often utilized in SHOP.

Term	Definition
Agent	An Insurance Agent licensed by Kentucky Department of Insurance (DOI) who can sell many types of insurance. For purposes of kynect SHOP, an Agent must be licensed by DOI and SHOP-registered to sell, solicit, or negotiate health insurance.
Annual Open Enrollment Period	The period each year during which a qualified employer may select the plans they wish to offer to their qualified employees or renew current plans to continue offering to their qualified employees. It is also the period each year during which a qualified employee may enroll in or change coverage offered by their employer.
Dependent	Anyone who is or may become eligible for coverage under the terms of a group health plan because of a relationship to an eligible employee.
Eligibility Application	Online form collecting kynect SHOP-specific eligibility requirements to determine eligibility to enroll in kynect SHOP coverage.

Enrollee	Qualified employee enrolled in a Qualified Health Plan (QHP) and/or Stand-Alone Dental Plan (SADP).
Plan Year	Consecutive 12-month period during which a health plan provides coverage for health benefits. This is determined by the employer.
Premium	The amount the Issuer charges to provide coverage for the enrollees for a health plan. For a small employer to receive tax credits, they must pay a minimum of 50% of the premium for the employee.
Qualified Employee	Individual employed by a qualified employer who has been offered health insurance coverage by such qualified employer through kynect SHOP.
Qualified Employer	Small employer that elects to make, at a minimum, all full-time employees of such employer eligible for one or more QHPs or SADPs in the small group market.
Qualified Health Plan (QHP)	An insurance plan certified by the State-Based Marketplace (SBM) that provides essential health benefits, follows established limits on cost-sharing (like deductibles, copayments, and out-of-pocket maximum amounts), and meets other requirements under the Affordable Care Act (ACA).
Special Enrollment for QHPs	Period during which a qualified Individual or Enrollee who experiences certain qualifying events may enroll in, or change enrollment in, a QHP outside of the initial and annual Open Enrollment Periods. Issuers are required to grant SEPs.
Stand-Alone Dental Plan (SADP)	Dental plan certified by the State-Based Marketplace (SBM) that provides a limited scope of dental benefits, including a pediatric dental essential health benefit.
State-Based Marketplace	A marketplace where states are responsible for performing all marketplace functions for the individual market. Residents in these states apply for and enroll in coverage through marketplace websites established and maintained by the states.

3 Assessment

1. What does the acronym SHOP stand for?
 - a) State Health Options Program
 - b) Small Business Health Options Program
 - c) Smart Habits to Obtain Protection
 - d) Shop Hospital Options and Parameters

2. What are the minimum average number of work hours an employee must work in order to be considered a full-time employee?
 - a) A minimum of 30 hours or more per week
 - b) A minimum of 40 hours or more per week
 - c) A minimum of 80 hours or more per week
 - d) A maximum of 20 hours per week

3. Within how many days may an employer request a formal desk review from KHBE after the date of the notice of denial?
 - a) Within 120 days
 - b) Within 90 days
 - c) Within 60 days
 - d) Within 30 days

4. Who is responsible for conducting terminations of QHPs and/or SADP coverage and sending termination notices?
 - a) An employer's HR department
 - b) Contact Center staff
 - c) Issuers
 - d) Qualified employees

5. Which of the following QHP metal levels has the highest percentage of costs paid by the Insurance Company?
 - a) Gold
 - b) Silver
 - c) Platinum
 - d) Bronze

6. What is the intended purpose of the Small Business Health Options Program?
 - a) To share information with employers about their competition
 - b) An affordable, flexible, and convenient way for small businesses to provide health and/or dental insurance to their employees
 - c) Provide subsidies that help employees pay for fitness programs
 - d) Assist businesses in educating their employees about health and wellness

7. Employers use the Small Business Health Options Program to window shop for which type of health plans?
 - a) Medical and Dental
 - b) Long-term and Short-term
 - c) Vision and Prescription
 - d) Property and Casualty

8. Employers enroll in Small Business Health Options Program coverage through...
 - a) HealthCare.gov
 - b) Issuers or Agents
 - c) The local health department
 - d) Primary care provider's office

9. Which of the following best describes a Qualified Employee?
 - a) An Individual previously employed by a qualified employer with remaining eligibility for health coverage through kynect SHOP.
 - b) An Individual employed by a qualified employer who has been offered health coverage through kynect SHOP.
 - c) All Individuals, regardless of employment status, who have been offered health coverage through SHOP kynect.
 - d) Any Individual eligible for employment by an employer.