**Health Care Reform’s SHOP Delayed – Again!**

During June 2014, CMS announced that 18 states will not offer “Employee Choice” until at least 2016. Originally, CMS announced that the federal exchange would, beginning in 2015, permit employers in the Small Business Health Options Program (“SHOP”) exchange to either (1) choose a single plan for their employees, or (2) choose a metal tier (bronze, silver, gold, or platinum) and then allow employees to choose any plan offered within that tier, with the exchange aggregating premiums from the various plans chosen by employees and allowing the employer to pay a single premium. This “second” option is what is commonly known as “Employee Choice.”

In the 2015 final rule, however, CMS permitted state insurance commissioners in federal exchange states to ask that their states be allowed to opt out of employee choice for 2015 if they concluded that employee choice would cause adverse selection within their small group insurance markets.

As a result, Employee Choice is being delayed in 18 states until at least 2016, according to CMS. While some states running their own Small SHOP exchanges are offering Employee Choice, this benefit had been delayed until 2015 for the 32 states relying on the federal government to run their SHOP exchanges. The states granted the delay were Alabama, Alaska, Arizona, Delaware, Illinois, Kansas, Louisiana, Maine, Michigan, Montana, New Hampshire, New Jersey, North Carolina, Oklahoma, Pennsylvania, South Carolina, South Dakota and West Virginia.

Meanwhile, 14 states using federally facilitated SHOP exchanges, including Arkansas, Florida, Georgia, Indiana, Iowa, Missouri, Nebraska, North Dakota, Ohio, Tennessee, Texas, Virginia, Wisconsin, and Wyoming will be instituting Employee Choice in 2015. For those employers in these states, this may allow small employers another alternative for purposes of providing health care to your employees.

If you have any questions or would like to seek additional guidance, please contact your local account representative.