

MEMORANDUM

To: SHOP Administrator and Participating Carriers

From: MHBE SHOP

Date: December 7, 2017

Re: 2018 Renewal Process Overview – final memorandum & templates

PURPOSE

Overview of the eligibility determination and renewal process for the carriers and SHOP Administrator. Distribution of the final Universal Employer Eligibility and Election Form templates for use with all groups beginning January 1, 2018. These forms were review and approved by the Maryland Insurance Administration for use with SHOP groups.

SUMMARY

Maryland Health Benefit Exchange has determined that the process and policies of the implementation of renewal SHOP business. This memorandum is to clarify the overall process of implementation of SHOP renewal business and the required paperwork including the use of the Universal Employer / Carrier Application and Universal Employee Eligibility and Election Form, automatic renewals and timing of eligibility determination notices.

OVERVIEW OF RENEWAL PROCESS

Maryland Health Benefit Exchange has contracted with Benefit Mall to serve as the SHOP Administrator, to perform the following duties, including but not limited to:

1. Provide employer and employee SHOP eligibility determinations, including notifications of eligibility to both parties;
2. Implement SHOP groups with chosen enrollment modules and carrier(s); and
3. Facilitate and implement a SHOP group’s annual renewal.

Additional clarification may be forthcoming concerning initial SHOP implementation and renewals upon further review of the current process.

Eligibility Determinations and Notification Requirements

Through its partnership with Maryland Health Benefit Exchange, the SHOP Administrator will determine the SHOP group’s eligibility at the time of the initial application. According to C.F.R. 45 §155.715, the SHOP must determine that an employer or individual who requests coverage is eligible based upon the requirements in C.F.R. 45 §155.710. Please review the attached Guide to SHOP Eligibility for Employers and Employees for further details.

The SHOP Administrator will determine the SHOP group’s eligibility at the time of the initial application and will issue a letter of eligibility approval or denial (C.F.R. 45 §155.715e). Templates of these notifications are provided

for use by the SHOP Administrator. This initial eligibility determination will serve as the official notification of eligibility to carriers. Notification of eligibility determination status will not be provided to issuers as part of the renewal process.

The SHOP Administrator is the responsible party for making SHOP employer eligibility decisions. Carriers with eligibility concerns at the time of the employer group's implementation and/or at renewal may contact Maryland SHOP at mhbe.shop@maryland.gov for a review of the employer's current eligibility. Maryland SHOP will work with the SHOP Administrator to review the situation and mediate any concerns.

Maryland Health Benefit Exchange's Plan Services Team is the party responsible for determining if a plan is a qualified SHOP plan. Certifications are done for each plan with the issuers each year. The SHOP Administrator nor Maryland Health Benefit Exchange are responsible for making a determination of eligibility for the IRS Small Business Health Care Tax Credit as this is the responsibility of the Federal Government.

If at renewal time, the SHOP Administrator determines that the employer group is no longer an eligible SHOP group, the SHOP Administrator is responsible for notifying MHBE, the employer group, employees and applicable carriers.

If an employer changes insurance carriers at the renewal time, the SHOP Administrator and employer group will need to submit new business paperwork for that insurance carrier.

The carriers and the SHOP Administrator can communicate with renewing groups as necessary for SHOP business purposes.

Renewal Process for SHOP Groups

Summary of Renewal Process and SHOP Administrator Requirements

1. The SHOP Administrator will coordinate the annual open enrollment with the designated broker, the SHOP employer and the carrier(s) by:
2. The Employer Eligibility Approval Notice should be sent at a group's initial determination for SHOP-eligibility to the employer. These approval notice is not needed to be issued to a carrier unless the renewing group is considered new business to that carrier. If significant changes occur to effect this eligibility at renewal, the Employer Eligibility Denial Notice should be issued.
3. Allow an open enrollment period for SHOP employers and their employees for a period of at least 30 days (Insurance Article, § 15-1208.2(b)(1), Annotated Code of Maryland).
4. Distributing the Annual Employee Open Enrollment and Election Notice to applicable employees prior to the start of the annual open enrollment period.
5. Distributing the Annual Employer Open Enrollment Notice to applicable renewing SHOP groups along with plan and rate information, prior to the start of the annual open enrollment period.
6. The universal Employee Eligibility and Election Form should be used for new enrollments, employee coverage changes and/or information updates.
7. The universal Employer / Carrier Application should be used for new carriers being chosen in Employer Choice groups and for new enrollment with Employee Choice groups.
8. Employer renewal elections must be received by the 12th of the month prior to the renewal date. If renewal choices are not received and no termination notice was received, carriers should automatically

renew the plan and employee elections currently in force for both Employer and Employee Choice groups.

9. For Employer Choice groups with the same carrier, a signed rate sheet is permissible to indicate renewal choices, including change in benefits except those changing legal entities. A new universal Employer/Carrier Application will be required for new business to carriers without active enrollment.
10. For Employee Choice groups at renewal, renewing with carrier(s) with active enrollment, a signed rate sheet is permissible to indicate renewal choices, including change in benefits except those changing legal entities. A new universal Employer/Carrier Application will be required for new business to carriers without active enrollment.
11. Employee open enrollment election forms can be submitted up to 30 days following the renewal coverage effective date.
12. The SHOP Administrator should distribute copies of the Notice of Employee Termination of Coverage (to Employer) and the Employer Withdrawal Notice (to Employees) when applicable.
13. The SHOP Administrator *will make every effort* to provide signed renewal documents or submit them in the approved electronic fashion to the carriers for SHOP groups but *automatic renewal is permitted*, as described in the following section.
14. The SHOP Administrator will coordinate and send the open enrollment data to the carrier(s).
15. If an employer decides not to renew their SHOP coverage, the SHOP Administration will send a termination notification to the carrier(s) and copied to Maryland Health Benefit Exchange via email to mhbe.shop@maryland.gov.

During the annual employer election period, a qualified employer may change:

1. Its participation in the SHOP Exchange for the next plan year,
2. Choice of plans, choice model, coverage level and/or to the carrier(s).
3. Amount of employee contribution amounts.

Automatic Renewal for SHOP groups

Pursuant to the Md. Code Ann., Ins. § 31-101(z)(2)(v) and 45 C.F.R. §155.710(d), the SHOP must treat a qualified employer which ceases to be a small employer (solely by reason of an increase in the number of employees) as a qualified employer until the qualified employer otherwise fails to meet the eligibility criteria described in these sections or elects to no longer purchase coverage for qualified employees through the SHOP.

Based upon C.F.R. 45 §155.725(i)(1), the SHOP may provide a process under which the employee will remain in the QHP selected the previous year until the qualified employee otherwise fails to meet the eligibility criteria described in this section.

In accordance with the above requirements, Maryland Health Benefit Exchange has determined that issuers must offer continued eligibility for all renewing SHOP groups initially determined eligible and enrolled into a SHOP-eligible plan. To facilitate this continued eligibility, **automatic renewal of employer plan and employee enrollments should be allowed for SHOP groups** (with an exception for Employee Choice groups as described below).

For Employer Choice SHOP groups only:

Automatic renewal of SHOP group plan(s) and/or a SHOP qualified employee's plan should be allowed until such time that:

- The qualified employer elects to offer different coverage or a different contribution through the SHOP;
- The qualified employer withdraws from the SHOP; or
- In the case of a qualified employer offering a single QHP, the single QHP is no longer available through the SHOP.
- Termination of a qualified employee's plan from such QHP in accordance with standards identified in C.F.R. 45 §155.430;
- If at renewal, the qualified employee enrolls in another QHP if such option exists; or the QHP is no longer available to the qualified employee.

For Employee Choice SHOP groups only:

For Employee Choice groups with active enrollment at a carrier

Automatic renewal of SHOP group plan(s) and/or a SHOP qualified employee's plan should be allowed until such time that:

- The qualified employer elects to offer different coverage or a different contribution through the SHOP;
- The qualified employer withdraws from the SHOP; or
- A qualified employer offers a single QHP and the single QHP is no longer available through the SHOP; or
- No current enrollment exists at the specific carrier to be renewed.
- Termination of a qualified employee's plan from such QHP in accordance with standards identified in C.F.R. 45 §155.430;
- If at renewal, the qualified employee enrolls in another QHP if such option exists; or the QHP is no longer available to the qualified employee.

For Employee Choice groups without active enrollment at a carrier

The SHOP Administrator cannot automatically renew a qualified employer's offer of coverage and/or a qualified employee's coverage with carriers with no enrollment for Employee Choice groups. With Employee Choice groups, it is also agreed upon that carriers will not set up a small group plan at initial implementation or at renewal time when there are no active enrollments at that carrier. If a carrier does not set up a group without enrollment, it is not necessary for the SHOP Administrator to send in any signed rate sheets until an enrollment for that carrier exists.

At the time of the renewal for an Employee Choice group, the SHOP Administrator should have the employer group sign the renewal rate sheets of all available SHOP carriers. When an enrollment for a carrier becomes known, the SHOP Administrator will need to send in the rate sheet and employee enrollment information for the carrier. The employee should receive their appropriate effective date (based upon the group's waiting period, enrollment receipt and/or special enrollment period) without any delay due to the delayed installation process.

Carrier Renewal Notifications

The carriers are advised to follow the renewal notification and delivery processes established by the carrier in accordance with Federal and State Regulations. The information provided should be the renewal rates for in-force plans and, in cases of Employee Choice SHOP Groups, all rates for plans in the group's chosen metal levels. The information should be provided to the SHOP Administrator for distribution to the employer and the SHOP-authorized broker.

GUIDE TO SHOP ELIGIBILITY RENEWAL PROCESS

Employer Eligibility Requirements {C.F.R. 45 §155.710 (b)}

- 1) Is a small employer;
- 2) Elects to offer, at a minimum, all full-time employees coverage in a QHP through a SHOP; and
- 3) Either -
 - a. Has its principal business address in the Exchange service area and offers coverage to all its full-time employees through that SHOP; or
 - b. Offers coverage to each eligible employee through the SHOP serving that employee's primary worksite.

Employee Eligibility Requirements {C.F.R. 45 §155.710 (e)}

An employee is a qualified employee eligible to enroll in coverage through a SHOP if such employee receives an offer of coverage from a qualified employer. A qualified employee is eligible to enroll his or her dependents in coverage through a SHOP if the offer from the qualified employer includes an offer of dependent coverage.

Verification of Eligibility {C.F.R. 45 §155.710 (c)}

For the purpose of verifying employer and employee eligibility, the SHOP -

- (1) Must verify that an individual applicant is identified by the employer as an employee to whom the qualified employer has offered coverage and must otherwise accept the information attested to within the application unless the information is inconsistent with the employer-provided information;
- (2) May establish, in addition to or in lieu of reliance on the application, additional methods to verify the information provided by the applicant on the applicable application;
- (3) Must collect only the minimum information necessary for verification of eligibility in accordance with the eligibility standards described in § 155.710.



Employer Eligibility Approval Notice

Notice date: <Date>

Application date: <Date>

Mr. /Ms. <First Name Last Name>

<Employer Name>

<Employer Address>

<Employer City, State and ZIP>

Good news for <Employer Name>!

You qualify to purchase coverage through Maryland Health Connection's SHOP Exchange. Your broker will also receive notice of your eligibility.

What's next?

If you have not done so already, you will need to select the type of coverage you wish to offer your employees and complete the carrier specific enrollment process. If you are currently working with a SHOP authorized insurance broker, he or she will be able to assist you in the election of SHOP certified qualified health and /or dental plans. If you need additional assistance, resources may be found at www.marylandhealthconnection.gov/small-business-health-insurance/.

You may be eligible for a small business tax credit if you contribute at least 50% toward premium costs of employee only coverage, employ fewer than 25 full-time equivalent (FTE) employees, and pay an average annual salary of less than \$50,000 per FTE. You may find more information about the tax credit by visiting www.marylandhealthconnection.gov and <http://www.irs.gov/uac/Small-Business-Health-Care-Tax-Credit-for-Small-Employers>.

Cc: Broker

Employer Eligibility Denial Notice

Notice Date: <Notice_date>

Application Date: <application_date>

<Applicant_name>

<Applicant_address>

Important Information for <employer_name>

Based on the information provided, you are not qualified to provide coverage to your employees through Maryland Health Connection's Small Business Health Options Program (SHOP) for the following reason(s):

- You are not a qualified employer eligible to purchase coverage through SHOP because you do not meet the definition of a small employer. *Owners of the small business and spouses or certain other family members of owners of the small business are not included as an employee for purposes of the full-time equivalent employee count.* We made our decision based on 45 C.F.R. §155.20; 45 C.F.R. §155.710(b); and Md. Insurance Code Ann. §31-101(z).
- You are not a qualified employer eligible to purchase coverage through SHOP because you do not offer coverage to all of your full-time employees. We made our decision based on 45 C.F.R. §155.710(b).
- You are not a qualified employer eligible to purchase coverage through SHOP because you do not have your principal business address in the Maryland Health Connection SHOP service area. We made our decision based on 45 C.F.R. §155.710(b).
- You are not a qualified employer eligible to purchase coverage through SHOP because you do not offer coverage to eligible employees at your primary worksite. We made our decision based on 45 C.F.R. §155.710(b).

How to Appeal

You can request a desk review of your denial of eligibility as a qualified employer in the Maryland Health Connection SHOP by mail, email or phone as discussed in the appeals information provided below. The Reviewing Officer will consider your request, along with the information the Maryland Health Connection SHOP used to determine your eligibility. You can submit any other relevant information to the Maryland Health Connection SHOP to be considered as part of your appeal.

You may submit additional information to the Reviewing Officer:

- By mail to: P.O. Box 857, Lanham, MD 20703-0857
- By fax at: 1-855-642-8574
- By email to: mhbe.shopappeals@maryland.gov

Cc: Broker



Employee Eligibility Approval Notice

Notice Date: <Notice_date>

Application Date: <application_date>

<Applicant_name>

<Applicant_address

<Applicant City, State and Zip>

Good news for <applicant name>!

As a qualified employee of <Employer Name>, you qualify to purchase coverage through the Maryland Health Connection Small Business Health Options Health Program (SHOP). Your health coverage started on X/X/2014 with <carrier>.

Health services and costs

You have a monthly premium for your health coverage which must be covered by you. Your employer may also contribute to the cost. You can obtain many services through your health plan for which copayments and deductibles may apply. Your health plan issuer will send you more information about health services and costs, if you have not already received this information.

Report Changes in Circumstances

If you experience changes in circumstances (such as a move, marriage, or change in household size), you should let your employer know so that we can ensure your coverage meets your needs.

Sincerely,

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Maryland Health Connection



Employee Eligibility Denial Notice

Notice Date: <Notice_date>

Application Date: <application_date>

<Applicant_name>

<Applicant_address>

Important Information for <employee_name>

Based on the information provided, you are not qualified to enroll in the Maryland Small Business Health Options Program (SHOP) for the following reason(s):

- You do not meet the definition of a qualified employee. A qualified employee is defined as an individual employed by a qualified employer who has been offered health insurance coverage by such qualified employer through the SHOP. Based on our records, you did not receive an offer of coverage from your employer. We made our decision based on 45 C.F.R. §155.20 and 45 C.F.R. §155.710(e).
- You are not a qualified employee eligible to purchase coverage through SHOP because you did not receive an offer of coverage from a qualified employer. We made our decision based on 45 C.F.R. §155.20 and 45 C.F.R. §155.710(b) and (e).

How to Appeal

You can request a desk review of your denial of eligibility as a qualified employee in the Maryland Health Connection SHOP by mail, email or phone as discussed in the appeals information provided below. The Reviewing Officer will consider your request, along with the information the Maryland Health Connection SHOP used to determine your eligibility. You can submit any other relevant information to the Maryland Health Connection SHOP to be considered as part of your appeal.

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- By email to: mhbe.shopappeals@maryland.gov

Sincerely,

Maryland Health Connection SHOP



Sample Annual Employer Open Enrollment and Election Period Notice

<Notice Date>

<Mr./Ms. First Name Last Name of Primary Contact>

<Employer Name>

<Employer Address>

<Employer City, State, ZIP>

Dear <POC Name>,

Important: Small Business Health Options Program (SHOP) Group Health Coverage Renewal and Annual Employer Election Period Notice

Your current group health insurance coverage through Maryland's Small Business Health Option Program (SHOP) is coming up for renewal. As of <Effective End Date>, the plan year for this coverage will end.

You will be receiving information regarding your annual renewal. You must take action to renew your participation through Maryland's SHOP Marketplace. You may elect to renew this coverage or modify the coverage and contribution you offer to your employees by working with your SHOP-authorized broker to complete the renewal or by contacting your SHOP-Authorized broker. You can do so beginning on <Annual Enrollment Period Start Date>.

For eligible employers who qualify to claim the Small Business Health Care Tax Credit, employees must be enrolled in coverage through Maryland's SHOP Marketplace.

For more information or if you have any questions about this notice, contact your SHOP-authorized broker or you may also contact the SHOP Administrator, Benefit Mall at <1-xxx-xxx-xxxx> to speak to a representative.

Sincerely,

Maryland Health Connection SHOP Marketplace

<SHOP Administrator Name and Contact Information>



Sample Annual Employee Open Enrollment Period Notice

<Date of Notice>

<Employee Name>

<Employee Address>

<City, State, ZIP>

Dear <Employee Name>,

Important: Small Business Health Options Program (SHOP) Health Insurance Coverage Annual Employee Open Enrollment Period Notice

Your employer has elected to offer you <and your eligible dependents> insurance coverage through Maryland's Small Business Health Options Program (SHOP) beginning <Effective Start Date>. The last day of your current coverage is <Current Coverage End Date>. It is important to review your employer's offer of coverage for this year's annual open enrollment period. Visit <SHOP Administrator Website> log in to respond to your employer's current offer of coverage.

What are my options for getting coverage?

Depending on your employer's offer of coverage, you may be able to choose a new plan during your Annual Enrollment Period from <Enrollment Period Dates>. Whether you are able to choose a new plan or not, if you want to keep your coverage or begin your coverage starting on <Effective Start Date>, you need to respond to your employer's offer of coverage by <Enrollment Period End Date>. You may also add or drop dependents to your coverage (if your employer is offering dependent coverage this year). If you do not take action by <Enrollment Period End Date>, you may have to wait until the next open period for your employer unless you have a qualifying event that entitles you to a special enrollment period.

When do I need to make a decision?

Your Annual Enrollment period is from <Enrollment Period Beginning Date through End Date>. To make sure there isn't a gap in your coverage, enroll in the new plan by <Enrollment Period End Date>.

Where can I get help?

For more information or if you have any questions about this notice, talk to your Employer about the coverage they are offering you. You may also contact the SHOP Call Center at [1-xxx-xxx-xxxx] to speak to a representative.

<SHOP Administrator Name and Contact Information>

Employee Termination Notice Sent to Employer

<Notice Date>

<Mr./Ms. First Name Last Name of Primary Contact>
<Employer Address>

<Employer Name>
<Employer City, State, and ZIP>

Dear <POC Name>,

Important: Your employee’s Small Business Health Options Program (SHOP) health insurance coverage is ending.

This notice includes important information about the health insurance from <Carrier Name and QHP Name> you are offering your employees through the Maryland Small Business Health Options Program (SHOP) Marketplace and next steps for you and the affected employees. Your employees will also receive notification about this termination of coverage.

The table below shows whose health insurance coverage will be terminated, the last day of coverage, and why the insurance is ending. Any other employees with SHOP coverage at your business or organization will not be affected.

Employee	Plan Name	Last Day of Coverage	Reason for Termination
<Employee 1>	<Carrier Name & QHP Name>	<Date termination takes effect>	<Reason for termination>
<Employee 2>	<Carrier Name & QHP Name>	<Date termination takes effect>	<Reason for termination>

What happens when my employee’s coverage ends?

If your employees lose access to health coverage through your business or company and do not obtain other health coverage, it is important that they get covered from another source. If they do not, they will be fully responsible for covering the cost of any health services they receive after the date their coverage ends. Also, your employees might owe a penalty when they file their federal income tax return for the year if they have a gap in health coverage of three months or more during the year and do not qualify for an exemption from the requirement to maintain health coverage.

Depending on the reason coverage was terminated, your employees might qualify for a special enrollment period under your employer group SHOP coverage or the Individual Marketplace and might be able to enroll in another



health insurance plan either through the Marketplace or outside the Marketplace. If they're eligible, they need to take immediate action and enroll within 30-60 days of losing other coverage. In most instances, you must report a change within 30 days. For individual marketplace plans, you have 60 days from the qualifying event to enroll in another plan. Some plans outside the exchange require plan selection to take place within 30 days. To avoid gaps in coverage, report a change and select new coverage as soon as possible. Otherwise, they might have to wait until the next annual Individual Marketplace Open Enrollment Period for individuals and families, which begins on <next Open Enrollment Date for YYYY> or the next annual employee Open Enrollment Period. To help your employees learn about their options for obtaining new coverage through the Maryland Individual Marketplace, you can direct them to MarylandHealthConnection.gov or to 1-855-642-8572 (TTY: 1-855-642-8573), available <days and times of availability>. To learn more about options for SHOP coverage, your employees should go to <website> or call the SHOP Call Center at 1-xxx-xxx-xxxx, <days and times of availability>.

Who can I call if I have questions?

If you think the information included in this letter is incorrect and you do not think your employees' coverage should be terminated, inform your broker and you should also call Benefit Mall at <1-xxx-xxx-xxxx>, <days and times of availability>.

Sincerely,

<SHOP Administrator Name>

Employer Withdrawal Notice Sent to Employees

<Date of Notice>

<Employee Name>

<Employee Address>

<City, State, ZIP>

Dear <Employee Name>,

Important: Your Maryland Small Business Health Options Program (SHOP) health insurance coverage is ending.

This notice includes important information about your health insurance through the Maryland Small Business Health Options Program (SHOP) Marketplace and about the next steps you can take to stay covered. Due to <Reason for termination>, beginning on <Date termination takes effect> you and any other covered family members who are enrolled in this coverage will no longer have coverage through <Carrier Name and QHP Name>. Your employer will also receive notification about this termination of coverage.

What happens when coverage ends?

If your coverage is ending, it is important that you get coverage from another source. If you do not obtain other health coverage, you will be fully responsible for covering the cost of any health services that you receive after the date your coverage ends. Also, you could owe a penalty when filing a federal income tax return for the year if your coverage is ending and there is a gap in health coverage of three months or more during the year and you do not qualify for an exemption from the requirement to maintain health coverage. To see if you qualify for an exemption from the requirement to maintain health coverage, e.g., financial hardship, go to <https://www.healthcare.gov/glossary/hardship-exemption/>.

What are my options for coverage?

First, check with your employer to see if they have other options for you. Your employer may offer coverage, and you should check with them. If your employer is either not offering affordable coverage or is not required to offer coverage, you may be eligible for reduced premiums through the Maryland Marketplace for individuals and families. To learn more about your options for the Maryland Individual Marketplace coverage, go to MarylandHealthConnection.gov or call 1-855-642-8572 (TTY: 1-855-642-8573).



When will I be able to enroll in another health insurance plan?

Depending on the reason coverage was terminated, you might be able to enroll in another health insurance plan immediately through the Maryland Individual Marketplace or from the health care insurance market outside the Maryland Marketplace, but you will need to take immediate action and enroll within 30-60 days of losing other coverage. In most instances, you must report a change within 30 days. For individual marketplace plans, you have 60 days from the qualifying event to enroll in another plan. Some plans outside the exchange require plan selection to take place within 30 days. To avoid gaps in coverage, report a change and select new coverage as soon as possible. Otherwise you would have to wait until the next annual open enrollment period for the Individual Marketplace, which begins on <Open Enrollment Date for YYYY> for coverage effective <Month Day, YYYY>, or the next annual employee open enrollment period for enrollment through the SHOP if you are eligible and your employer is offering coverage through the Maryland SHOP Marketplace.

Who can I call if I have questions?

If you think the information included in this letter is incorrect and you do not think that coverage should be terminated, contact your employer right away. You can also call Benefit Mall at <1-xxx-xxx-xxxx>, <days and times of availability>.

Sincerely,

<SHOP Administrator Name>