

**EMPLOYER & EMPLOYEE CHOICE IN THE SMALL BUSINESS HEALTH OPTIONS PROGRAM (SHOP) EXCHANGE**

The SHOP Advisory Group has explored, as one of several dimensions of Employers and Employee Choice Architecture in the SHOP, the issue of how (if at all) COHBE should limit the number of plans from which employers can choose. The SHOP Advisory Group suggests the Board strongly consider a policy that offers to employers the following options, in addition to the federally required option, all outlined below.

**Federally Required Option**

- Employer – Picks one metal tier (or a subset of the tier, consisting of only some insurers’ QHPs in that tier)
- Employee – Picks any QHP within that tier.

***Sample Selection an Employer Could Make Under this Option***

	Platinum	Gold	Silver	Bronze
Insurer 1				
Insurer 2				
Insurer 3				
Insurer 4				
Insurer 5				

**Federally Required Option Expanded**

- Employer – Picks a metal tier (or a subset of the tier, consisting of only some insurers’ QHPs in that tier). Additionally, the employer offers either the ability for employees to “buy-up” or the ability to “buy-down” (but not both).
- Employee – Picks any QHP within that metal tier selected by the employer or can buy-up or buy-down, depending on employer specifications.
- *Considerations:* Adverse selection concerns exist if all healthy employees “buy-down” or if all sick employees “buy-up.”
- *SHOP AG:* the majority of members present at 6/28/12 meeting recommends this option be available

***Sample Selection an Employer Could Make Under this Option***

	Platinum	Gold	Silver	Bronze
Insurer 1		+		
Insurer 2		+		
Insurer 3		+		
Insurer 4		+		
Insurer 5		+		

Absolute Employer Choice

- Employer – Picks one particular QHP for all employees
- Employee – No choice
- *Considerations:* This is typically how the market works today, though increasingly employers are offering some choice to employees.
- *SHOP AG:* the majority of members present at 6/28/12 meeting

**Sample Selection an Employer Could Make Under this Option**

	Platinum	Gold	Silver	Bronze
Insurer 1				
Insurer 2				
Insurer 3				
Insurer 4				
Insurer 5				

One Insurer Limited Option

- Employer – Picks one Insurer, but limits choice to two or three consecutive metal tiers
- Employee – Picks a QHP in any metal tier offered for that Insurer
- *Considerations:* The adverse selection concerns are mitigated because there is not as large a difference between the available tiers.
- *SHOP AG:* the majority of members present at 6/28/12 meeting recommends this option be available

**Sample Selection an Employer Could Make Under this Option**

	Platinum	Gold	Silver	Bronze
Insurer 1				
Insurer 2				
Insurer 3				
Insurer 4				
Insurer 5				

Two Insurers Limited Option

- Employer – Picks two Insurers, but limited to three consecutive metal tiers
- Employee – Picks a QHP in any metal tier for either Insurer
- *Considerations:* This option provides more choice with some mitigation of adverse selection because the difference in the tiers is limited.
- *SHOP AG:* members present at 6/28/12 meeting recommend this option be available

**Sample Selection an Employer Could Make Under this Option**

	Platinum	Gold	Silver	Bronze
Insurer 1				
Insurer 2				
Insurer 3				
Insurer 4				
Insurer 5				