**Small Business Health Options Program (SHOP) Exchange**

**Summary:** Requires the Secretary to award grants, available until 2015, to States for planning and establishment of American Health Benefit Exchanges. By 2014, requires States to establish an American Health Benefit Exchange that facilitates the purchase of qualified health plans and includes a Small Business Health Options Program Exchange (SHOP Exchange) for small businesses.

**Status update:** On July 11, 2011, the Department of Health and Human Services (HHS) issued a proposed rule regarding Exchanges (including the SHOP Exchange) published in the Federal Register on July 15, 2011. Comments to the proposed rule are due by 5 pm on September 28, 2011.

**Next steps:**
- Immediately (March 23, 2010) – Grants available to assist states in creating Exchanges, including the SHOP Exchange.
- July 29, 2010 – HHS announced (1) the availability of up to $1 million in grants per state to help states begin work to establish Exchanges and (2) published a request for comment calling for public input as HHS develops standards for the Exchanges.
- July 15, 2011 – HHS issued proposed rule on Exchanges, including SHOP Exchange
- September 28, 2011 (5 pm) – Comments due to proposed rule on Exchanges, including SHOP Exchange.
- September 1, 2014 – State applications for grants due.
- October 4, 2014 – Comments due on the request for comment on standards for Exchanges.
- January 1, 2014 – SHOP Exchange must be established and may be part of individual market Exchange.
- January 1, 2017 – SHOP Exchange could be expanded to large employers.

**Additional information:**
- HHS's grant information for States -- [http://www.healthcare.gov/center/grants](http://www.healthcare.gov/center/grants)
• Information from the National Association of Realtors --

**Long summary:**
Requires the Secretary to award grants, available until 2015, to States for planning and establishment of American Health Benefit Exchanges. Secretary must also provide technical assistance to States to facilitate the participation of small businesses in those States within the Small Business Health Options Program Exchanges (SHOP Exchanges). By 2014, requires States to establish an American Health Benefit Exchange that facilitates the purchase of qualified health plans and includes a SHOP Exchange for small businesses. The SHOP Exchange is designed to assist qualified employers in a State who are small employers in facilitating enrollment of their employees in qualified health plans offered in the small group market in the State. A “qualified employer” is a small employer that elects to make all full-time employees of such employer eligible for 1 or more qualified health plans offered in the small group market through an Exchange that offers qualified health plans. After 2017, a State may opt to expand the SHOP Exchange to large employers. In addition, a State may opt to provide one Exchange for both the individual and small group market but only if there are adequate resources.

**Legislative text:**

**1311(a)(5) TECHNICAL ASSISTANCE TO FACILITATE PARTICIPATION IN SHOP EXCHANGES.**—The Secretary shall provide technical assistance to States to facilitate the participation of qualified small businesses in such States in SHOP Exchanges.

(b) AMERICAN HEALTH BENEFIT EXCHANGES.—

(1) IN GENERAL.—Each State shall, not later than January 1, 2014, establish an American Health Benefit Exchange (referred to in this title as an “Exchange”) for the State that—

(A) facilitates the purchase of qualified health plans;

(B) provides for the establishment of a Small Business Health Options Program (in this title referred to as a “SHOP Exchange”) that is designed to assist qualified employers for whom the Secretary issues regulations for which the Secretary issues regulations under the Public Health Service Act.

and

(C) meets the requirements of subsection (d).

(2) MERGER OF INDIVIDUAL AND SHOP EXCHANGES.—A State may elect to provide only one Exchange in the State for providing both Exchange and SHOP Exchange services to both qualified individuals and qualified small employers, but only if the Exchange has adequate resources to assist such individuals and employers.

(d) REQUIREMENTS.—

(1) IN GENERAL.—An Exchange shall be a governmental agency or nonprofit entity that is established by a State.

**1312(f)**

(2) QUALIFIED EMPLOYER. — In this title:

(A) IN GENERAL.—The term “qualified employer” means a small employer that elects to make all full-time employees of such employer eligible for 1 or more qualified health plans offered in the small group market through an Exchange that offers qualified health plans.

(B) EXTENSION TO LARGE GROUPS.—

(i) IN GENERAL.—Beginning in 2017, each State may allow issuers of health insurance coverage in the large group market in the State to offer qualified health plans in such market through an Exchange. Nothing in this subparagraph shall be construed as requiring the issuer to offer such plans through an Exchange.

(ii) LARGE EMPLOYERS ELIGIBLE.—If a State under clause (i) allows issuers to offer qualified health plans in the large group market through an Exchange, the term “qualified employer” shall include a large employer that elects to make all full-time employees of such employer eligible for 1 or more qualified health plans offered in the large group market through the Exchange.

**SEC. 1321. STATE FLEXIBILITY IN OPERATION AND ENFORCEMENT OF EXCHANGES AND RELATED REQUIREMENTS.**

(a) ESTABLISHMENT OF STANDARDS.—

(1) IN GENERAL.—The Secretary shall, as soon as practicable after the date of enactment of this Act, issue regulations setting standards for meeting the requirements under this title, and the amendments made by this title, with respect to—

(A) the establishment and operation of Exchanges (including SHOP Exchanges);

(B) the offering of qualified health plans through such Exchanges;

(C) the establishment of the reinsurance and risk adjustment programs under part V; and

(D) such other requirements as the Secretary determines appropriate.

The preceding sentence shall not apply to standards for requirements under subtitles A and C (and the amendments made by such subtitles) for which the Secretary issues regulations under the Public Health Service Act.