

What the Health Law Changes for Small Business Owners

Under the Affordable Care Act, small business owners can purchase health insurance for their employees in a special marketplace called "[SHOP](#)," the Small Business Health Options Program. SHOP is run by Covered California, which also runs the new marketplace for individuals and families. (Note: Healthcare.gov delayed the opening of its SHOP marketplace for one year. But Covered California is separate from Healthcare.gov. The state's SHOP online marketplace is up and running.)

In SHOP, you will be part of an insurance pool made up of small businesses across California. This is new under the health law. The goal is to give small businesses access to more plans and more buying power, just as large businesses have traditionally had.

If you currently offer health insurance and have a broker you work with, you may continue to do so. Your broker can also help you pick a plan on SHOP. If you don't have a broker, you may seek help navigating SHOP from Covered California.

Does the Health Law Require That Small Businesses Provide Health Insurance?

No. The Affordable Care Act does not require that businesses with fewer than 50 full-time equivalent employees (defined as 30 hours per week) provide health insurance. But if your business has 50 or more FTEs, you could be subject to penalties [starting in 2015](#) if you do not provide insurance.

If I Decide to Provide Health Insurance to My Employees, How Does Covered California Help Me?

Private health insurance companies offer plans on SHOP. Check [this map](#) for an overview of which plans are offered in your area. Covered California has developed a standard set of benefits that all plans on the SHOP marketplace need to offer.

Health plans in Covered California are offered in "tiers" of coverage: platinum, gold, silver and bronze. The difference between the tiers is not what benefits are covered, but the cost of coverage. For example, platinum plans have higher premiums and your employees pay less when they see the doctor. Bronze plans have much lower premiums, but people pay more when they see the doctor.

Once you pick which tier of coverage you wish to offer your employees, you'll then decide how much of the premium you will pay, either a specific dollar amount or a percent of the premium. Under the health law, if you choose to offer insurance, then your contribution must be at least 50 percent of the premium's cost. (To be clear: This minimum threshold is required even if you are not applying for the tax credit.) Your employees can then pick any plan within that tier, and they will pay the remainder of the premium.

You will make a single monthly payment to Covered California, which will then handle premium payments to the specific health plans your employees choose.

Do I Have to Cover My Employees' Families, Too?

All of the plans offered in SHOP will be open to spouses and dependents. But you will decide if you wish to offer insurance to your employees only or to your employees *and* their families. If you decide against covering family members, they can still seek coverage on the individual market offered by Covered California. Dependents may also be eligible for [Medi-Cal](#).

When Does SHOP Open?

SHOP opened on Oct. 1, 2013. Unlike the individual and family marketplace, SHOP does not have an "open enrollment" period. So you can sign up at any time.

Covered California [has selected six plans](#) that will offer insurance on the SHOP marketplace. They are Blue Shield, Chinese Community Health Plan, Health Net, Kaiser Permanente, Sharp Health Plan and Western Health Advantage. Please visit [Covered California](#) for more specific information about premiums.