



FF-SHOP Issuer Frequently Asked Questions

Selected Responses

July 30, 2013

Federally-facilitated Marketplace for SHOP: Frequently Asked Questions

Frequently Asked Questions (FAQs #3)

Release Date: July 30, 2013

Technical Guidance for the FF-SHOP

Group Termination for Non-payment of Premium

Q1: How will an issuer communicate to the FF-SHOP that a group should be terminated for non-payment of premium?

A1: An issuer will notify the FF-SHOP that a group has been terminated due to non-payment of premium through an 834 cancellation transaction.

Minimum Participation Rates

Q2: Will minimum participation rates take into account employees who have coverage elsewhere?

A2: Yes, minimum participation rate calculations will take into account employees that have coverage elsewhere. Generally, employees with other group coverage (e.g., from a spouse, and those with public coverage, such as Medicare or Medicaid) will be excluded from minimum participation rate calculations. Employees with individual coverage, including Individual Marketplace coverage, will be included in minimum participation rate calculations. See 45 C.F.R. §155.705(b)(10) of the HHS Notice of Benefit and Payment Parameters for 2014 for additional information on how minimum participation rates will be calculated in the FF-SHOPs.

(<http://www.ecfr.gov/cgi-bin/retrieveECFR?gp=1&SID=ae144e1dcb4c7a762b3139efbc1e39ff&ty=HTML&h=L&r=PART&n=45y1.0.1.2.70#45:1.0.1.2.70.8.27.2>).



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Q3: Does the FF-SHOP minimum participation requirement apply to stand-alone dental coverage?

A3: No, the minimum participation rate provision in 45 C.F.R. §155.705(b)(10) applies only to comprehensive medical QHPs offered through the FF-SHOPs. CMS does not intend for the FF-SHOP minimum participation requirements to apply to stand-alone dental coverage. Many of the adverse risk segmentation concerns that exist for medical plans do not apply to stand-alone dental plans. Unlike medical QHPs in the FF-SHOP, dental plan issuers may continue to adjust premiums to reflect risk when pricing plans in the FF-SHOP by redirecting employers to dental plan issuer sites for quoting and enrollment purposes.

Q4: Previously, it was mentioned that state minimum participation rates would be adhered to if a state's rate was higher than the FF-SHOP's default 70% rate. Is that still accurate or will all states participating in the FF-SHOP be required to adhere to the 70% participation rate?

A4: Pursuant to 45 C.F.R. §155.705(b)(10), states participating in the FF-SHOP must follow the 70% minimum participation rate rule. However, if a State can provide evidence to CMS that either State law or wide-spread issuer practice dictates a rate higher or lower than the FF-SHOP's default rate, that State rate may be used in place of the 70% participation rate requirement.

Based on information received to date from States, FF-SHOPs will use different minimum participation rates in the following States for 2014:

State	FF-SHOP Minimum Participation Rate
Arkansas	75%
Iowa	75%
Louisiana	75%
New Hampshire	75%
New Jersey	75%
South Dakota	75%
Tennessee	50%
Texas	75%



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Minimum Contribution Requirements

Q5: Will there be any contribution requirements for small groups that participate in the FF-SHOP?

A5: No, minimum contribution rates will not apply in the FF-SHOP. In addition, issuers will not have the ability to impose minimum contribution rates for groups participating in the FF-SHOP.

Late Payment Fees

Q6: Are there federal guidelines on whether QHP issuers can impose late payment fees on groups participating in the FF-SHOPs?

A6: Currently, there are no federal standards or guidelines that address late payment fees.

Enrollment Files

Q7: Will CMS send 834 enrollment transactions the same night as the group XML load file?

A7: Yes, CMS will send 834 enrollment transactions the same night as the group XML load file.

Q8: Will the termination dates for enrollees be populated on the ASC X12 834 enrollment transaction file or will they remain open until enrollees terminate?

A8: No termination dates are sent on initial enrollment transactions. The termination date field in the ASC X12 834 enrollment transaction file will remain open until the enrollment is terminated.

Q9: Because CMS will not send the employer group number when issuers receive the original ASC X12 834 enrollment transaction file, how will issuers know which group to categorize them under?

A9: Issuers may link Group enrollment information with ASC X12 834 enrollment transaction files using the Employer Identification Number (EIN).



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Q10: A previous Q&A response stated that changes to enrollment and other member-level changes will be handled through the ASC X12 834 enrollment transaction. Will other changes at the group level be sent via an XML file (e.g., broker, group contact information, etc.)?

A10: When employer-level information included in the original Group Enrollment XML file changes, the updated information will be transmitted to the issuer via a subsequent Group Enrollment XML file.

Payment Files

Q11: How does the Payment Discrepancy report apply to issuers in the FF-SHOPs in 2014?

A11: The Payment Discrepancy report will not apply to issuers with FF-SHOP plans having effective dates beginning in 2014.

Q12: Since issuers are handling billing in the first year, is CMS requiring issuers to report premium payments to the FF-SHOP for 2014?

A12: No, CMS is not requiring issuers to report premium payments to the FF-SHOP for 2014.

Q13: Will CMS send issuers ASC X12 or HIX 820 premium payment transaction files for the FF-SHOP in 2014?

A13: No, CMS will not be sending issuers any type of ASC X12 or HIX 820 premium payment transaction files in 2014.

Q14: How will issuers know the FF-SHOP quoted premium dollar amount for the first premium payment?

A14: Premium payment information will be contained in an applicable ASC X12 834 enrollment transaction file and in any applicable payment redirect transactions sent to issuers.



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Q15: What information will the payment redirect contain?

A15: Please refer to zONE for the payment redirect BSD
(https://zone.cms.gov/system/files/documents/SBS-EXCH-EE-209_Payment_Redirect_to_Issuer_Payment_Portal_BSD.pdf).

Q16: What is the intent and purpose of the “Payment ID” that issuers can expect on the Group XML?

A16: Payment Transaction ID is a field that will be used to assist in the identification of payments from a participating employer. This ID will occur in the Group Enrollment transaction and any redirect occurring between the FF-SHOP and an issuer's payment portal.

Allowable Terminations

Q17: What reasons may an issuer terminate a group in the FF-SHOP?

A17: Issuers may terminate FF-SHOP group coverage for lack of payment and/or for instances of fraud.

Delinquency Notices

Q18: Are issuers responsible for handling delinquency notifications, and can issuers terminate employers for non-payment of premium before notifying the FF-SHOP?

A18: QHP issuers are responsible for delinquency notifications and may terminate groups for non-payment of premium before notifying the FF-SHOP. For 2014, QHP issuers must defer to state law regarding delinquency notifications and allowable termination procedures regarding non-payment of premiums.



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Special Enrollment Periods

Q19: Will the FF-SHOP validate Special Enrollment Period (SEP) reasons, such as legal guardianship? Is the issuer expected to maintain enrollment of plan members using the ASC X12 834 enrollment transaction, or is there additional validation for the issuer to perform?

A19: No, the FF-SHOP will not validate SEP reasons at the time of enrollment. Information provided by an employee regarding their dependents is signed under the penalty of perjury. In addition, CMS may conduct dependent verification audits. Any QHP issuer participating in the FF-SHOP must maintain enrollment of members in accordance with 45 C.F.R. §156.285.

Account Maintenance

Q20: Can FF-SHOP enrollees make demographic and product-related changes directly with the issuers or should issuers direct enrollees to the FF-SHOP?

A20: Enrollment and demographic changes should be made directly with the FF-SHOP, as it is the enrollment system of record.

Exception Process

Q21: What is the exception process to handle out-of-state participation?

A21: There is no exception allowance for out-of-state participation. Only employers with a business location in a given state may participate in the FF-SHOP serving that state.



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Geographic Rating Factor

Q22: In the case where an employer group moves its headquarters (a change in primary business location) or an individual makes a permanent move (change in primary address) and that move is to a different rating area, would issuers be permitted to apply the new geographic rating factor to the coverage?

A22: An issuer offering coverage in the small group market outside the SHOP may re-rate an employer in accordance with the established rating factors under 45 CFR 147.102. This includes applying a new geographic rating area factor as a result of a permanent move.

Pursuant to 155.705(b)(6)(ii), the SHOP will prohibit QHP issuers from varying rates for a qualified employer during the employer's plan year. QHP issuers and the FF-SHOPs, therefore, may apply a new geographic rating factor only upon renewal. If an employer group moves its headquarters to a different rating area, the FF-SHOP will re-run the eligibility process to verify that the employer is still located in the same state. If the employer moves to a different state, the employer will lose eligibility status in the state.

Note that under 147.104(a)(2), an individual would have a special enrollment right to purchase any individual market coverage that becomes available as a result of a permanent move.