

October 6, 2016

Centers for Medicare & Medicaid Services
U.S. Department of Health and Human Services
P.O. Box 8016
Baltimore, MD 21244

RE: Proposed Rule: Patient Protection and Affordable Care Act; HHS Notice of Benefit and Payment Parameters for 2018 (CMS-9934-P)

Dear Secretary Burwell:

As a leading representative of the six million small employers in America, Small Business Majority writes today urging you to uphold key components of the Small Business Health Options Program (SHOP). We support the Affordable Care Act because of the law's potential to provide affordable insurance options for those who have been previously priced out of the system. As small businesses are, on average, charged 18% more than their big business competitors, the ACA provides an opportunity to reduce that inequality. A robust, sustainable SHOP is key to reducing the number of uninsured Americans.

While enrollment in the individual markets and Medicaid has been successful, many entrepreneurs, small business workers and their families still lack access to affordable coverage. In fact, the Kaiser Family Foundation found that [one in four](#) small business owners are uninsured. What's more, the [Employee Benefits Research Institute](#) found that in 2014, more than 25% of employees at businesses with fewer than 10 employees and nearly 20% of people who work at businesses with 10-50 employees were uninsured. SHOP is an important tool to reach these remaining uninsured entrepreneurs and small business employees. As such, we ask the Administration to uphold key components of the SHOP marketplace.

First, we urge the Administration to keep the "tying rule" in place, which requires carriers that sell in the individual marketplace to also offer plans in the SHOP marketplace. We are concerned that removing the tying rule would have severe impacts on SHOP, especially in states where there are already few carriers offering plans in the marketplace. This could leave some states with extremely limited options or even no carriers offering plans in the SHOP marketplace. This would be detrimental to the marketplace overall and to small businesses looking for affordable coverage options. After a year of insurance company mergers and carriers leaving the market, we urge the Administration to put forward rules that will increase carrier participation in SHOP, not decrease it.

Additionally, if small businesses are left without enrollment options in their state's SHOP marketplace, that also means that eligible employers are not able to take advantage of the small business healthcare tax credit—a key provision of the ACA for small businesses. This would make it more difficult for small firms to offer health coverage to their employees.

Secondly, we'd like to respond to the Administration's request for stakeholders to comment on whether small employers should be able to continue to enroll online through Healthcare.gov in federally-facilitated marketplaces. We believe doing away with online enrollment would be extremely harmful to SHOP and lead to fewer small businesses utilizing the marketplace. Small businesses would have to enroll directly through their chosen carrier or through a web broker, which would

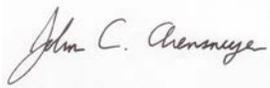
make it much more difficult, likely impossible, for employers to utilize employee choice and premium aggregation. We know from our scientific opinion polling that small business owners like employee choice. Two-thirds of small employers believe allowing employees to choose among multiple carriers is an important element of the healthcare marketplaces. And for small businesses, this component is fundamental in distinguishing the new insurance marketplaces from the outside health insurance market. Without a functional employee choice feature, we believe SHOP will suffer from even lower enrollment, as the marketplace will have very little to distinguish itself from the outside market.

What's more, if web brokers were to be considered for SHOP enrollment, we would urge the Administration not to take action that would displace traditional brokers or cause them to be in competition with web brokers. Our research has shown that 80% of small business owners use and value the insights of traditional brokers. As such, they are an important part of the current system, and any efforts that would undermine traditional brokers could have negative impacts on SHOP.

After some initial setbacks and delays, SHOP is online and fully functioning, and small businesses have an additional resource when considering their coverage options. Additionally, thanks to provisions in the ACA, many small businesses are finally starting to see their rates stabilize. After decades of double-digit premium increases year to year, the small group market is starting to experience a significant slowing in cost increases. We believe that removing the tying rule and online enrollment in federally-facilitated marketplaces would undo this progress and make it more difficult for employers to utilize SHOP and offer coverage to their employees.

Small businesses need access to affordable and comprehensive health insurance coverage. We urge the Administration to strengthen the SHOP marketplace, rather than chipping away at it, and keep the tying rule and online enrollment functionality in place. Now is the time to fully commit to improving SHOP, not dismantling the key provisions the marketplace needs in place to be successful.

Sincerely,

A handwritten signature in black ink that reads "John C. Arensmeyer". The signature is written in a cursive style and is positioned above the typed name.

John Arensmeyer
Founder & CEO