Medicare and the Small Business Health Options Program (SHOP)

What is the SHOP?

The SHOP is the Small Business Health Options Program within the Marketplace, where small businesses and their employees can search for and purchase health insurance.

Who is eligible to participate in the SHOP?

Currently, employers with 50 or fewer employees may participate in the SHOP. In 2016, all states must allow employers with up to 100 employees to participate in the SHOP. Small business employers must also:

- Offer, at minimum, all full-time employees coverage in a Qualified Health Plan (QHP) through SHOP; and
- Offer coverage to eligible employees through the appropriate SHOP.

I have SHOP coverage that was purchased by my own or my spouse's employer. What should I do when I qualify for Medicare?

You should talk to your employer to see whether you need Medicare, in addition to your employer coverage. After speaking to your employer, confirm what you have learned with the Social Security Administration (800-772-1213). Get all answers in writing.

Find out how your SHOP coverage works with Medicare. Depending on the size of your employer, Medicare pays either first or second to SHOP plans. Keep in mind, a SHOP plan is an employer plan purchased through the Marketplace. If Medicare pays first, you will need to take Medicare. On the other hand, if your SHOP plan pays first, you may be able to delay enrolling in Part B.

I already have Medicare Part B and I have coverage from my own or my spouse's current employer. Do the Marketplaces affect how Medicare works with my employer coverage?

No. The way your coverage from a current employer works with Medicare should be the same, whether or not the employer decides to shift coverage to a Small Business Health Options (SHOP) plan in the Marketplace. A SHOP plan is an employer plan purchased through the Marketplace. Depending on the size of your employer, Medicare either pays first or second on health insurance claims. If Medicare pays first, it is especially important that you keep Medicare. If you drop your Medicare coverage when Medicare is paying first, your employer plan may give you little or no coverage at all.

How does the SHOP affect those who qualify for Medicare due to age?

People who are insured by a SHOP plan and become eligible for Medicare when they turn 65, need to decide whether or not to take Part B coverage when they first qualify. All people with SHOP coverage can delay Part B without penalty. However, certain people should never do this. **An individual who becomes eligible for Medicare due to age should take Medicare, if the employer offering the SHOP plan has less than 20 employees.** Medicare will pay first, and the SHOP plan pays second on their health claims. If these individuals fail to enroll in Part B, their SHOP plan may provide little or no coverage. **On the other hand, if the employer has 20 or more employees, individuals may consider delaying Part B.** In this case, the SHOP plan pays first and Medicare pays second on health claims. A SHOP plan cannot reduce its coverage if people fail to take Part B.

How does the SHOP affect those who qualify for Medicare due to disability?

People who are insured by a SHOP plan and become eligible for Medicare due to a disability should enroll in Medicare Part B when they first qualify. Only employers with less than 100 employees may offer SHOP coverage (until 2016). Medicare pays first for individuals who get Medicare due to disability if the employer offering coverage has less than 100 employees. If people with disabilities fail to enroll in Part B, their SHOP plan may provide little or no coverage.

Should I delay Medicare Part D if I have coverage through a shop plan?

You should delay Part D only if your SHOP plan offers creditable coverage. Creditable coverage is drug coverage that's at least as good as Medicare's basic drug benefit. People with creditable coverage from a SHOP plan can delay Part D without penalty for as long as they have creditable coverage. You must enroll in Part D within 63 days of losing creditable coverage to avoid penalties and gaps in coverage. SHOP plans may or may not offer creditable coverage. Look for a yearly notice from your insurer that states whether not your SHOP coverage is creditable. If you don't receive this notice, ask for proof of creditable coverage in writing from your employer.