

Three ideas for saving the Illinois health care exchange for small biz

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Can the SHOP (Small Business Health Options Program) be saved?

Originally developed by Senator Dick Durbin, the SHOP came with many promises. Having operated in a state that has had a small employer health exchange for years (New York's HealthPass), I was excited.

In New York's HealthPass marketplace, you could choose any plan from any carrier on the

exchange. You could also include dental, vision, life insurance, short term disability, a Section 125 POP, Health Advocate, Medical Cost Advocate, and COBRA.

If the Illinois SHOP was similar, it would make it easier on the insurance broker and employers.

Sadly, like most of the promises of the ACA, the Illinois SHOP's potential went unfulfilled. The first two years you could only pick one health insurance plan and were required to have seven out of 10 employees take the coverage. Businesses had to use paper applications, and almost none qualified for the tax credits available. The state employees who were charged with getting this off the ground—God bless them for their efforts—worked closely with the broker community because insurance is complex, and the average business owner couldn't figure the system out.

It took exactly 30 seconds to determine that SHOP was WORSE for my employer clients than working directly with insurance carriers. Doing business as usual, I could shop more plans from more insurance companies, offer multiple health insurance plans (for example a low cost high deductible HSA compatible plan along with a higher cost plan with doctor and prescription copays and lower deductible.)

Some health insurance companies allowed a lower percentage of employees to enroll (lower than the 70% number above) and even allowed 1099 employees to be included. Furthermore, I could look at level funded plans for young healthy groups and save even more money for my clients.

Of course the SHOP is failing.

But should we give up on it entirely?

Here are some improvements that I feel could improve the exchange.

1. Have plans from all insurance companies available to be mixed and matched. You could offer multiple plans from multiple insurance companies, taking the best from each carrier.

2. Offer a suite of products (health, dental, vision, life, short term disability, long term disability, etc)., not just medical and dental.

3. Manage ALL required notices, handle mini COBRA/COBRA, and allow companies to track sign ups and waivers online. The SHOP could even charge an extra fee for these services. Many insurance brokers, my company included, offer these services to clients already. That said, it would be nice to have them all consolidated into one neat package.

Without these improvements, the SHOP will never be a desirable alternative to using an insurance broker and shopping directly with insurance companies. It will not be used and eventually fade away.

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