



Application Spotlight: Employer-Sponsored Coverage (ESC), Individual Coverage Health Reimbursement Arrangements (ICHRA), and Qualified Small Employer Health Reimbursement Arrangements (QSEHRAs)

May 2021

The information provided in this document is intended only to be a general informal summary of technical legal standards. It is not intended to take the place of the statutes, regulations, or formal policy guidance that it is based upon. This document summarizes current policy and operations as of the date it was presented. The contents of this document do not have the force and effect of law and are not meant to bind the public in any way, unless specifically incorporated into a contract. This document is intended only to provide clarity to the public regarding existing requirements under the law. We encourage readers to refer to the applicable statutes, regulations, and other interpretive materials for complete and current information. This communication was produced and disseminated at U.S. taxpayer expense.



Agenda

- Individual Coverage Health Reimbursement Arrangements (ICHRA) and Qualified Small Employer Health Reimbursement Arrangements (QSEHRA)
 - Affordability
 - Health Reimbursement Arrangements (HRAs)
 - Special Enrollment Periods (SEP)
- Assisting consumers who have an offer of traditional employer-sponsored coverage (ESC)
 - Minimum value standard
 - The Employer Coverage Tool
 - Affordability
 - ESC questions on the Marketplace application
 - Loss of ESC
- Consolidation Omnibus Budget Reconciliation Act (COBRA) continuation coverage
- COBRA continuation and retiree coverage questions on the Marketplace application
- Resources

Intended Audience

- Please be advised that the information in this presentation is informal technical assistance for agents and brokers and is not intended as official CMS guidance or a statement of the law. Legal requirements are contained in the applicable statutes and regulations.
- This presentation highlights how agents and brokers can help consumers enrolling in coverage offered through the Health Insurance Marketplace® answer questions regarding ESC, ICHRAs, and QSEHRAs and provide guidance for consumers who have COBRA continuation coverage.

*When used in this document, the term “Health Insurance Marketplace®” or “Marketplace” refers to Federally-facilitated Marketplaces (FFMs), including FFMs where states perform plan management functions and State-based Marketplaces on the Federal Platform (SBM-FPs).

Health Insurance Marketplace® is a registered service mark of the U.S. Department of Health & Human Services (HHS).

Brainstorming Question #1

1. How often do you assist consumers with an offer of Employer Sponsored Coverage (ESC)?
2. What is your comfort level with this topic?
 - A. Inexperienced
 - B. Somewhat experienced
 - C. Very experienced



Health Care Benefits Through a Job

The screenshot shows the HealthCare.gov website interface. At the top, there is a dark blue header with 'HealthCare.gov' on the left, 'Marcus' in the center, and a 'Menu' button on the right. Below the header is a light blue navigation bar with a '← Back' link. The main content area has a light blue background and features the title 'Health care benefits through a job'. Below the title, there is a paragraph: 'In the next sections, we'll ask about 2 different types of benefits available through a job.' This is followed by a section titled 'First, we'll collect information about Health Reimbursement Arrangements (HRAs)'. Under this, there is a sub-section 'Health Reimbursement Arrangements (HRAs)' with three bullet points: 'HRAs aren't traditional job-based health plans. An employer chooses a dollar amount they'll make available for reimbursing medical expenses instead of offering a health plan.', 'A person must buy their own health plan to use certain types of HRAs.', and 'A person pays for monthly premiums and other qualifying medical expenses, then requests reimbursements through the HRA.' Below the bullet points is a link: '[Learn more about HRAs.](#)'. This is followed by a sub-section 'How do I know if a person has an HRA?' with a circular icon containing 'HRA' and a document symbol, and the text 'They'll have a notice from the employer.' Below this is another paragraph: 'Later, we'll collect information about traditional health coverage through a job.' This is followed by a sub-section 'Traditional health coverage through a job' with two bullet points: 'Employers may offer a health plan (or plans) to employees (and often their household members).', and 'The employer may take premiums out of the employee's paycheck.' Below the bullet points is another link: '[Learn more about traditional job-based health coverage.](#)'. At the bottom left of the page is a green 'Continue' button.

- A Health Reimbursement Arrangement (HRA) is available through a job but isn't traditional health coverage.
- An HRA is a group health plan funded solely by employer contributions that reimburses an employee's medical care expenses up to a maximum dollar amount for a coverage period.
- An Individual Coverage HRA (ICHRA) or Qualified Small Employer HRA (QSEHRA) might make payments directly to an issuer to cover premium payments for individual market coverage, or an individual might need to make payments and then request reimbursement.

Types of HRAs

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Types of Health Reimbursement Arrangements (HRAs)

We'll be asking about **2 different types** of Health Reimbursement Arrangements.

Individual coverage HRA

- A person can accept the HRA offer, or decline it ("opt out") if they qualify for tax credits. A person can't use both.
- Even though they're called "individual" coverage, these HRAs may be available to multiple people in the household.

How to tell: Look for the words "individual coverage HRA" in the notice (though some employers use different language). It should also say "not a Qualified Small Employer Health Reimbursement Arrangement (QSEHRA) or any other type of HRA." Ask the employer if you have questions.

Qualified Small Employer HRA (QSEHRA)

- Small employers (with generally less than 50 employees) who don't offer traditional health coverage can help employees pay for medical expenses through a QSEHRA.
- A person can't decline (or "opt out" of) this kind of HRA, so they'll need to lower the amount of any tax credit applied to their monthly premiums.

How to tell: Look for the words "Qualified Small Employer HRA" or "QSEHRA" in the notice (though some employers use different language). Ask the employer if you have questions.



If a person has an HRA notice, use it to answer the questions on the next screens.

- Is the **type** of HRA an **individual coverage HRA** or a **QSEHRA**?
- Is the HRA available to the **employee only**, or can other **household members** use it too?
- What's the HRA's **start date**?
- What's the HRA's **end date**?

Continue

- An ICHRA is a type of health reimbursement arrangement that reimburses medical expenses and requires eligible employees and any covered dependents to have individual health insurance coverage or Medicare Parts A and B or Part C for each month they are covered by the ICHRA.
- Small employers who choose not to offer their employees group health plan coverage can instead choose to reimburse a portion of their employees' medical care costs through a QSEHRA.
- A QSEHRA is generally not considered a group health plan and is not considered an offer of ESC.

Individual Coverage HRAs (ICHRA)

- An employer can offer an ICHRA instead of other job-based insurance.
- An employee who is offered an ICHRA will generally get a written notice from their employer at least 90 days before the beginning of the ICHRA's plan year.
- This notice must include contact information (including a phone number) for an individual or a group of individuals who participants may contact in order to receive additional information regarding the ICHRA.
- Employees and dependents with an ICHRA offer may qualify for the premium tax credit (PTC) only if the employer's offer doesn't meet minimum standards of affordability and the employee and dependents opt out of the ICHRA.

ICHRAs (Continued)

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Individual coverage Health Reimbursement Arrangements (HRAs)

Current individual coverage HRAs

**Look in the HRA notice to find:**

- **Who can use the HRA**
If the individual coverage HRA is available to the employee and other household members, be sure to select their names.

Do any of these people already have an individual coverage HRA?
Select a person's name if either of these applies:

- They're already using an individual coverage HRA.
- They have a new offer and have told the employer they want to sign up and can no longer decline ("opt out" of) the offer.

Select all that apply:

Marcus

Tia

None of these people

Individual coverage HRA offers

**Look in the HRA notice to find:**

- The HRA's **start date** and **end date**
- **Who can use the HRA**
If the individual coverage HRA is available to the employee and other household members, be sure to select their names. (Do this even if a different person will tell the employer whether they want to sign up.)

Do any of these people have an individual coverage HRA offer they haven't accepted yet and that they can still decline ("opt out" of)?
Select all that apply.

Marcus

Tia

None of these people

[Save & continue](#)

- Employees can use the tool at [HealthCare.gov/job-based-help/#/](https://www.healthcare.gov/job-based-help/#/) to help them estimate ICHRA affordability before they submit an application on HealthCare.gov. They can also refer to the worksheet PDF at [HealthCare.gov/downloads/ICHRA-worksheet.pdf](https://www.healthcare.gov/downloads/ICHRA-worksheet.pdf).
- In this case, since neither Marcus nor Tia received an offer of an ICHRA from their employer, they would select **None of these people.**

How Does an ICHRA Affect Eligibility for PTC?

- Employees and dependents with an ICHRA offer may qualify for PTC only if the employer's offer doesn't meet minimum standards for affordability and the employee and dependents opt out of ICHRA coverage.
- Individuals who are offered an ICHRA through their job or through someone else's job will be asked to provide information about the ICHRA when they apply for Marketplace coverage. Information such as the HRA amount and the start and end dates can be found in the ICHRA notice provided by the employer.

What Makes an ICHRA Affordable?

- For 2021, an ICHRA is considered affordable for an employee (and dependents, if applicable) if the monthly premium of the self-only lowest-cost Silver plan in the employee's area minus the monthly amount made available just to the employee (sometimes called the "self-only" amount) under the ICHRA does not exceed 9.83 percent of 1/12 of the employee's household income.
- For more information, go to [HealthCare.gov/job-based-help/#/ichra](https://www.healthcare.gov/job-based-help/#/ichra) and [HealthCare.gov/job-based-help/#/](https://www.healthcare.gov/job-based-help/#/).



Assisting Consumers who are Provided a Qualified Small Employer HRA (QSEHRA)

- Small employers that choose not to offer their employees group health plan coverage can instead choose to reimburse a portion of their employees' medical care costs through a QSEHRA. In order for a QSEHRA to reimburse their costs, employees must be enrolled in health coverage that is considered minimum essential coverage (MEC).
- A QSEHRA is generally not considered a group health plan and is not considered an offer of ESC.
- Employees can use this money to help pay the cost of their medical expenses, including some or all of their individual Marketplace premium payments.

How Does a QSEHRA Impact Eligibility for a PTC?

- If an employer provides money to a consumer through a QSEHRA, their eligibility for a PTC can be affected; the impact depends on the amount of money the employer provides.
- If the QSEHRA makes Marketplace coverage *affordable* for a consumer, they would not be eligible for a PTC.
- If the QSEHRA itself does not make Marketplace coverage *affordable* for the consumer, they may still be eligible for a smaller PTC. The consumer should reduce the amount of PTC used each month by the monthly amount of the QSEHRA. Consumers can use the [worksheet](#) on HealthCare.gov to determine how much advance premium tax credit (APTC) they should take:
[HealthCare.gov/downloads/qsehra-worksheet.pdf](https://www.healthcare.gov/downloads/qsehra-worksheet.pdf).
 - More information about QSEHRAs and the Marketplace is available at [HealthCare.gov/job-based-help/#/qsehra](https://www.healthcare.gov/job-based-help/#/qsehra).

Life Events and Coverage Changes

- There are certain qualifying life events that may qualify consumers for an SEP.
- On January 28, 2021, CMS announced an SEP for individuals and families for Marketplace coverage. This SEP allows individuals and families in states with Marketplaces served by the HealthCare.gov platform to enroll in 2021 health insurance coverage (February 15, 2021 through August 15, 2021). For more information, go to [CMS.gov/CCIIO/Resources/Regulations-and-Guidance/2021-SEP-guidance.pdf](https://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/2021-SEP-guidance.pdf) and [CMS.gov/newsroom/fact-sheets/extended-access-opportunity-enroll-more-affordable-coverage-through-healthcaregov](https://www.cms.gov/newsroom/fact-sheets/extended-access-opportunity-enroll-more-affordable-coverage-through-healthcaregov).
- Employees and household members newly offered an ICHRA or newly provided a QSEHRA (such as new employees) may qualify for an SEP to enroll in or change individual health insurance coverage.

Life Events and Coverage Changes

(Continued)

- If employees and household members are newly offered an ICHRA or newly provided a QSEHRA mid-plan year, typically they'll need to enroll in coverage within the 60-day period before or after the first date the new ICHRA or QSEHRA may take effect.
- After the HRA questions, the application will have questions about other types of qualifying health coverage.

The screenshot shows the HealthCare.gov website interface. At the top, there is a dark blue header with the 'HealthCare.gov' logo on the left and 'Marcus' and a 'Menu' button on the right. Below the header is a light blue navigation bar with a '← Back' link. The main content area has a light blue background and is titled 'Life events & coverage changes'. Below the title, there is a paragraph: 'Next, we're going to ask about life events and coverage changes that may affect coverage options, like qualifying for a Special Enrollment Period.' followed by a link: '[What's a Special Enrollment Period?](#)'. A horizontal line separates this section from the next. The next section is titled 'First, we'll ask about HRAs.' followed by a sub-heading 'Health Reimbursement Arrangements (HRAs)'. Below this sub-heading is a bulleted list: '• There are different types of HRAs. We only need to know about these types: Individual coverage HRAs and Qualified Small Employer HRAs (QSEHRAs).', '• A person may have more than one HRA available.', and '• We only need to know about recent HRAs or ones that will begin soon.'. Another horizontal line follows. The next section is titled 'After HRAs, we'll ask about changes to other types of health coverage.' followed by a sub-heading 'Other qualifying health coverage'. Below this sub-heading is the text 'This may include coverage through:' followed by a bulleted list: '• A job', '• COBRA', '• Programs like Medicaid or the Children's Health Insurance Program (CHIP)', and '• Another type of qualifying health coverage'. At the bottom of the page, there is a green 'Continue' button.

Indicate Whether Anyone is Offered or Provided an HRA

HealthCare.gov Marcus Menu

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Health Reimbursement Arrangement (HRA) offers



Look in the HRA notice to find:

- The **HRA type**: Individual coverage HRA or Qualified Small Employer HRA (QSEHRA)
- The HRA's **start date**
- **Who** can use the HRA
A person may have more than one type of HRA available to them.
Each HRA will have its own notice.

Have any of these people been offered an individual coverage HRA or provided a QSEHRA with a start date between 3/4/2021 - 7/2/2021?

Only select a person's name if both of these apply:

- The type of HRA is an individual coverage HRA or a QSEHRA.
- At least one HRA's start date is within the date range above.

Select all that apply.

Marcus

Tia

None of these people

[Save & continue](#)



Application ID: 157484858

- Marcus will be asked if he, his wife Tia, both of them, or neither of them is offered an ICHRA or provided a QSEHRA.

Assisting Consumers Who Have an Offer of Traditional ESC

- When assisting consumers who have an offer of traditional ESC and are applying for Marketplace coverage and insurance affordability programs, you should remind them to use the [Employer Coverage Tool](#) to gather information regarding their offer of ESC that they'll need to include in their HealthCare.gov application to evaluate that offer.
- More detailed information is available at [HealthCare.gov/have-job-based-coverage/](https://www.healthcare.gov/have-job-based-coverage/).
- A consumer's offer of ESC may impact their eligibility for APTC, cost-sharing reductions (CSRs), and this financial assistance for any family members who are also offered this coverage.



Assisting Consumers Who Have an Offer of Traditional ESC (Continued)

- Consumers with an offer of **affordable** ESC that meets the **minimum value standard** are not eligible for APTCs or CSRs, the financial assistance available through the Marketplace.
- If the offer of ESC is **either** unaffordable **or** does not meet the minimum value standard, the consumer may be eligible for financial assistance through the Marketplace if the consumer is not enrolled in the ESC.
- If the traditional ESC is unaffordable, the consumer must decline this offer of ESC in order to receive a PTC and CSRs.
- Agents and brokers should help consumers include information in their HealthCare.gov application that will identify whether their offer of ESC:
 - Meets the minimum value standard, and
 - Is affordable.

Minimum Value Standard

- A health plan meets the minimum value standard if it is designed to pay at least 60 percent of the total costs of medical services.
 - Benefits must include substantial coverage of physician and inpatient hospital services.
 - This percentage is based on actuarial principles using benefits provided to a standard population and is not based on what consumers actually pay for cost sharing.
- Consumers can ask their employer for help determining if the ESC meets the minimum value standard by:
 - Asking their employer to fill out the Employer Coverage Tool available at [HealthCare.gov/downloads/employer-coverage-tool.pdf](https://www.healthcare.gov/downloads/employer-coverage-tool.pdf).
 - Obtaining a copy of a plan's Summary of Benefits and Coverage (SBC).

Brainstorming Question #2

1. Do consumers experience challenges completing the Employer Coverage Tool? Yes/No
2. What tips do you have for other agents and brokers for using the Employer Coverage Tool?



The Employer Coverage Tool

Health Insurance Marketplace 10/2018

Form Approved
OMB No. 0938-1213

Employer Coverage Tool

Print or download this tool to gather answers about any employer health coverage that you're eligible for (even if it's from another person's job, like from a parent or spouse). You'll need this information to complete your Marketplace application, even if you don't accept the employer insurance you're eligible for. **Have the person who is offered the employer health insurance fill out boxes 1-3 and ask the employer to fill out the rest of the form. Complete one tool for each employer that offers health coverage that you're eligible for.**

 **EMPLOYEE information**
The employee who is offered employer insurance needs to fill out this section.

1. Employee name (First, Middle, Last)	2. Employee SSN
<input type="text"/>	<input type="text"/>

3. List the first and last names of each person in the employee's household and tell us if they could get health coverage through the employer named in box 4, below, even if they're not currently enrolled.

Name	Eligible for health coverage through this employer?
<input type="text"/>	<input type="radio"/> Yes <input type="radio"/> No

- Consumers can use the Employer Coverage Tool to obtain information about whether the employer offer plans that meet the minimum value standard and the amount of the lowest-cost premium for the employee only for such plans.
- If a consumer is eligible for health coverage through someone else's employer, such as their spouse, they should answer the question about how much the coverage would cost by providing the amount the employee would pay for the lowest-cost self-only coverage available to the employee.

Affordability

- Affordability is calculated by comparing the employee's share of the annual premium for the lowest-cost **self-only coverage that meets the minimum value standard** to the employee's annual household income.
 - The plan used to define affordability is the lowest-priced self-only plan that meets the minimum value standard that the employer offers, meaning a plan covering only the employee, not dependents. This is true even if a consumer is enrolled, or plans to enroll, in a plan that costs more or covers dependents.
 - The cost is the portion of the premium paid by the employee, not the plan's total premium.
 - The employee's total household income is used. Total household income includes income from the employee, the employee's spouse if they'll file their tax return jointly, and any dependents who are required to file a tax return.
- For plans beginning in **2021** to be considered affordable, the employee's share of the annual premium for the lowest-cost self-only coverage must not be more than **9.83 percent** of annual household income.

Indicate an Offer of ESC on a Marketplace Application

HealthCare.gov Marcus Menu

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Job-based health coverage

[Get help completing this section.](#)

Will any of these people be offered health coverage through their job, or through the job of another person, like a spouse or parent?

Only select a person's name if they'll have an offer of coverage on 11/1/2021, even if they haven't enrolled or the enrollment period for the employer coverage is over.
[Learn more about who's offered job-based coverage.](#)

Marcus

Tia

None of these people

[Save & continue](#)

- The consumer will be asked if they'll be offered health coverage from an employer.
- In this example, Marcus will select his name and proceed through the application.
- Tia isn't offered coverage through her job or through Marcus' job, so Marcus won't select her name.
- If consumers could have enrolled in health coverage through their employer for 2021 but didn't, and the enrollment period for the ESC is closed, they will still need to select their name beneath the question shown on this screen.

Indicate an Offer of ESC on a Marketplace Application (Continued)

- Additional questions in this section of the application collect information about the coverage the consumer is eligible for in order to determine if the coverage disqualifies the consumer from eligibility for a PTC.
- These questions include:
 - Which employer offers ESC.
 - Whether the plan offered provides minimum value.
 - The premium from the lowest-cost self-only plan that meets the minimum value standard available to the employee.
 - Information about the employer.

Indicate Which Employer Offers ESC

HealthCare.gov Marcus Menu

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Job-based health coverage

[Get help completing this section.](#)

Which employers offer Marcus health coverage?
Select all that apply.
[Learn more about which employers to select.](#)

Right Way Consulting (Marcus's job)

Home Health Hero's (Tia's job)

[Add an employer](#)

[Save & continue](#)

- The names of all employers added to the application when the household members entered their income information will automatically populate on this page.
- In this case, Marcus is able to select that either his employer, Tia's employer, both of their employers, or another employer will offer Marcus health coverage.

Indicate Whether the Offer of ESC Meets the Minimum Value Standard

- Marcus will be asked if his employer is offering a health plan that meets the minimum value standard.
- Next, Marcus will enter the lowest amount he would have to pay for a plan that meets the minimum value standard if he was the only one enrolled in this coverage, regardless of whether his wife, Tia, is also able to receive this coverage.

The screenshot shows a web form on HealthCare.gov. At the top, it says "HealthCare.gov" and "Marcus" with a "Menu" button. Below that is a "Back" link. The main heading is "Job-based health coverage" with a link to "Get help completing this section." The first question is "Does Right Way Consulting (Marcus's job) offer a health plan that meets the minimum value standard?" with a subtext "Most job-based plans meet the minimum value standard." and a link "Learn more about the minimum value standard." There are two radio button options: "Yes" (selected) and "No". The second question is "How much would Marcus pay for themselves for the lowest-cost health plan at Right Way Consulting?" with a subtext "Enter the self-only premium amount for Marcus, even if they aren't enrolled in coverage." and a link "Learn more about entering premium amounts." Below this is a text input field containing "\$ 200". The third question is "How often would Marcus pay this amount?" with five radio button options: "Weekly", "Every 2 weeks", "Twice a month", "Monthly" (selected), "Quarterly", and "Yearly". At the bottom is a green "Save & continue" button.

Enter Employer Information

HealthCare.gov Marcus Menu

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Job-based health coverage

[Get help completing this section.](#)

Tell us how to contact Right Way Consulting (Marcus's job).

We may contact this person or department for information about any coverage offered.
[Learn more about whose information to add.](#)

Phone number

Email address
Optional

Employer Identification Number (EIN)
Optional. You can find the EIN on a pay stub or W-2 from this employer.

First name
Optional

Middle name
Optional

Last name
Optional

Suffix
Optional

Street address
Optional

Street address 2
Optional

City
Optional

State
Optional

ZIP code
Optional

[Save & continue](#)

Job-based health coverage

[Get help completing this section.](#)

Tell us how to contact Right Way Consulting (Marcus's job).

We may contact this person or department for information about any coverage offered.

[Learn more about whose information to add.](#)

- Marcus will enter the contact information of the person at his job who manages employee benefits.

Indicate Whether Anyone Recently Lost Coverage

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Recent coverage changes

Did any of these people lose qualifying health coverage between 1/1/2020 and 5/3/2021?
Select all that apply.
[Learn more about recent loss of coverage.](#)

Marcus Brown

Tia Brown

None of these people

[Save & continue](#)

Marcus will be asked if he, his wife Tia, both of them, or neither of them recently lost qualifying health coverage.

Indicate Whether Anyone Will Lose Coverage

The screenshot shows the HealthCare.gov interface. At the top left is the logo 'HealthCare.gov' and at the top right is the user name 'Marcus' next to a 'Menu' button. Below the header is a navigation link '← Back'. The main heading is 'Upcoming coverage changes'. The question asks: 'Will any of these people lose qualifying health coverage between 5/4/2021 and 7/2/2021?'. Below the question is the instruction 'Select all that apply.' and a link 'Learn more about upcoming loss of coverage.'. There are three radio button options: 'Marcus Brown', 'Tia Brown', and 'None of these people'. At the bottom is a green 'Save & continue' button.

HealthCare.gov Marcus Menu

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Upcoming coverage changes

Will any of these people lose qualifying health coverage between 5/4/2021 and 7/2/2021?

Select all that apply.

[Learn more about upcoming loss of coverage.](#)

Marcus Brown

Tia Brown

None of these people

[Save & continue](#)

Marcus will be asked if he, his wife Tia, both of them, or neither of them expect to lose qualifying health coverage.

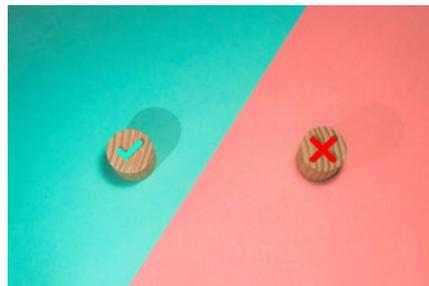
Loss of Qualifying Health Coverage

- A consumer may qualify for an SEP if they or anyone in their household lost qualifying health coverage in the past 60 days OR expects to lose coverage in the next 60 days. Qualifying health coverage is any health insurance that meets the Patient Protection and Affordable Care Act requirement for coverage. For more information on what counts as qualifying health coverage, visit [HealthCare.gov/fees/plans-that-count-as-coverage/](https://www.healthcare.gov/fees/plans-that-count-as-coverage/).
- Consumers should report changes to the Marketplace as soon as possible.
- When a consumer loses ESC, they may be offered COBRA continuation coverage by their former employer.
- Consumers may also have access to retiree coverage that provides health and/or drug coverage to former employees or members and, in some cases, their families.

Knowledge Check #1

When a family has an offer of ESC but wants to apply for Marketplace coverage with financial assistance, the Marketplace calculates their ESC's affordability based on the lowest-cost family coverage available to the employee and their dependents.

True or False



Knowledge Check #1 Answer

When a family has an offer of ESC but wants to apply for Marketplace coverage with financial assistance, the Marketplace calculates their ESC's affordability based on the lowest-cost family coverage available to the employee and their dependents.

True or False

Affordability for ESC is determined using the lowest-cost premium for self-only coverage. The cost for a family to enroll is not considered, even if the employee is seeking coverage for more than just themselves.

COBRA Continuation Coverage

- When a consumer leaves a job, federal law provides that they may be able to keep ESC for a period of time, usually up to 18 months. This is called **COBRA continuation coverage**. Consumers who elect COBRA may be required to pay 100 percent of the premiums, including the share the employer used to pay, plus a small administrative fee.
- Under the **American Rescue Plan (ARP)**, individuals who are eligible for COBRA because of their own or a family member's reduction in hours or an involuntary termination from employment and who elect COBRA may be eligible for a full premium subsidy that covers the entire cost of COBRA continuation coverage.
 - This premium subsidy is available from April 1, 2021, until September 30, 2021.

COBRA Continuation Coverage (Continued)

- Consumers who were offered COBRA continuation coverage and declined to elect COBRA at that time or elected COBRA and later discontinued it may have another opportunity to elect COBRA and get the full premium subsidy, if they are still within the period of time that they could have had COBRA coverage (generally 18 month from the employee's reduction in hours or involuntary termination).
 - Individuals eligible for the extended COBRA coverage election period will receive a notice within 60 days of April 1, 2021 – that is, no later than May 31, 2021.
 - The notice will provide additional details about the premium assistance and how to request it.

COBRA and the Marketplace

Can you change from COBRA continuation coverage to a Marketplace plan?

	If your COBRA is running out	If you're ending COBRA early	If your COBRA costs change because your former employer stops contributing and you must pay full cost
During Open Enrollment	Yes, you can change.	Yes, you can change.	Yes, you can change.
Outside Open Enrollment	Yes, you can change – you qualify for an SEP.	No, you can't change until the next Open Enrollment Period (OEP), your COBRA runs out, or you qualify for an SEP another way.	Yes, you can change – you qualify for an SEP.

PTC and CSR Eligibility with COBRA or Retiree Coverage

- A consumer who will stay enrolled in COBRA continuation coverage or retiree coverage after their Marketplace plan starts is not eligible for a PTC or CSRs through the Marketplace.
- However, if they drop their COBRA or retiree coverage, they can be eligible for a PTC or CSRs, if otherwise eligible.
- A consumer who has an offer of COBRA continuation or retiree coverage but has not enrolled in that coverage may still be eligible for a PTC or CSRs through the Marketplace.
- The availability of COBRA and retiree coverage does not prevent a former employee from qualifying for a PTC or CSRs.

PTC and CSR Eligibility with COBRA or Retiree Coverage (Continued)

- The minimum value and affordability standards do not apply to former employees enrolled in COBRA continuation or retiree coverage. Former employees who have been offered COBRA continuation or retiree coverage remain eligible to receive a PTC and CSRs as long as they opt out of that coverage, and former employees enrolled in COBRA continuation or retiree coverage cannot claim a PTC or CSRs.
- The Marketplace application skips questions related to affordability and minimum value if a consumer attests to being enrolled in COBRA continuation or retiree coverage.

***Note: The application screens on the following slides precede the questions about ESC in the online Marketplace application.**

Indicate COBRA Enrollment

HealthCare.gov Marcus Menu

← Back

Marcus's coverage

What type of coverage does Marcus have?

Marketplace coverage
Select if Marcus has coverage through HealthCare.gov or a state-based Marketplace.

Alabama Medicaid
Don't check this box if one of these applies to Marcus's coverage:

- Their coverage pays for only limited benefits, like family planning services, emergency services, outpatient hospital services, or treatment of tuberculosis.
- Their Medicaid coverage doesn't pay for inpatient hospital services.

Alabama ALL Kids (CHIP)

Medicare

TRICARE
Don't select if Marcus has Direct Care or Line of Duty.

Veterans Affairs (VA) health care program

Peace Corps

COBRA
Don't check this box if this person will end COBRA coverage once they enroll in Marketplace coverage. Select if Marcus is enrolled in COBRA (and plans to keep it during 2020). They won't qualify for a premium tax credit, but may be eligible to enroll in a Marketplace health plan or other programs. [Learn more about COBRA.](#)

Retiree health benefits
Select if Marcus is enrolled in a retiree health plan (an employer-provided health care plan that carries over to retirement) and plans to keep it during 2020. They won't qualify for a premium tax credit, but may be eligible to enroll in a Marketplace health plan or other programs.

Coverage through their job (or another person's job, like a spouse or parent)
Select if Marcus is currently enrolled in a job-based plan and can use the health benefits.

Other full benefit coverage

Other limited benefit coverage

Through which employer does Marcus have COBRA?
If Marcus is enrolled in more than one of these types of coverage, select the one that's least likely to change.

Right Way Consulting (Marcus's job)

Home Health Hero's (Tia's job)

[Add an employer](#)

[Save & continue](#)

Application ID: 156862842



COBRA

Don't check this box if this person will end COBRA coverage once they enroll in Marketplace coverage. Select if Marcus is enrolled in COBRA (and plans to keep it during 2021). They won't qualify for a premium tax credit, but may be eligible to enroll in a Marketplace health plan or other programs. [Learn more about COBRA.](#)

Through which employer does Marcus have COBRA?

If Marcus is enrolled in more than one of these types of coverage, select the one that's least likely to change.



Right Way Consulting (Marcus's job)



Home Health Hero's (Tia's job)

[Add an employer](#)

[Save & continue](#)

Application ID: 156862842

Marcus must indicate both:

- That he is enrolled in COBRA continuation coverage that he does not plan to end once he enrolls in Marketplace coverage; and
- Through which employer he has COBRA continuation coverage.

Indicate Retiree Coverage Enrollment

HealthCare.gov Marcus Menu

[← Back](#)

Marcus's coverage

What type of coverage does Marcus have?

Marketplace coverage
Select if Marcus has coverage through HealthCare.gov or a state-based Marketplace.

Alabama Medicaid
Don't check this box if one of these applies to Marcus's coverage:

- Their coverage pays for only limited benefits, like family planning services, emergency services, outpatient hospital services, or treatment of tuberculosis.
- Their Medicaid coverage doesn't pay for inpatient hospital services.

Alabama ALL Kids (CHIP)

Medicare

TRICARE
Don't select if Marcus has Direct Care or Line of Duty.

Veterans Affairs (VA) health care program

Peace Corps

COBRA
Don't check this box if this person will end COBRA coverage once they enroll in Marketplace coverage. Select if Marcus is enrolled in COBRA (and plans to keep it during 2020). They won't qualify for a premium tax credit, but may be eligible to enroll in a Marketplace health plan or other programs. [Learn more about COBRA.](#)

Retiree health benefits
Select if Marcus is enrolled in a retiree health plan (an employer-provided health care plan that carries over to retirement) and plans to keep it during 2020. They won't qualify for a premium tax credit, but may be eligible to enroll in a Marketplace health plan or other programs.

Coverage through their job (or another person's job, like a spouse or parent)
Select if Marcus is currently enrolled in a job-based plan and can use the health benefits.

Other full benefit coverage

Other limited benefit coverage

Through which employer does Marcus have retiree health benefits?
If Marcus is enrolled in more than one of these types of coverage, select the one that's least likely to change.

Right Way Consulting (Marcus's job)

Home Health Hero's (Tia's job)

[Add an employer](#)

[Save & continue](#)

Application ID: 156862842



Retiree health benefits

Select if Marcus is enrolled in a retiree health plan (an employer-provided health care plan that carries over to retirement) and plans to keep it during 2021. They won't qualify for a premium tax credit, but may be eligible to enroll in a Marketplace health plan or other programs.

Through which employer does Marcus have retiree health benefits?

If Marcus is enrolled in more than one of these types of coverage, select the one that's least likely to change.



Right Way Consulting (Marcus's job)



Home Health Hero's (Tia's job)

[Add an employer](#)

[Save & continue](#)

Application ID: 156862842

Marcus must indicate both:

- That he is enrolled in retiree coverage; and
- Through which employer he has retiree coverage.

Enrollment Periods and SEPs

- During the annual OEP or during an SEP for which they are eligible, a consumer can end COBRA continuation coverage and enroll in a Marketplace plan, if otherwise qualified. In most cases, outside of the OEP, the consumer cannot voluntarily end COBRA to qualify for an SEP and enroll in a Marketplace plan.
- CMS will extend access to a 30-day SEP on HealthCare.gov until August 15, 2021. The SEP is currently available to consumers in the 36 states that use the HealthCare.gov platform.
- However, keep in mind that if a consumer loses job-based coverage and is still within 60 days of losing this coverage, they can still use their loss of qualifying coverage SEP to enroll in Marketplace coverage, and they may also qualify for a PTC if they decline an offer of or end enrollment in COBRA.
- Also, consumers with COBRA can qualify for an SEP if their former employer(s) stops contributing to COBRA premiums, and the consumer therefore must pay the full costs of the coverage.

Affordability and Eligibility for PTC

Policy:

- For plan year 2021, ESC is considered affordable for the employee and any tax household members to whom the offer of ESC extends if the employee's share of the premium is less than **9.83 percent** of the employee's household income in 2021, regardless of the cost to cover family members.
- If the lowest-cost **self-only** coverage through an employee's job is affordable and meets minimum value, the employee is not eligible for a PTC for help paying their Marketplace plan premiums.
- The ARP makes PTCs available to consumers with household income above 400 percent FPL and caps how much of a family's household income the family will pay towards the premiums for a benchmark plan at 8.5 percent.
- Applicability date: April 1, 2021, through December 31, 2022.

Points to Consider

- Inform consumers that if they are already receiving APTC, they may be eligible for more APTC and that they should return to the Marketplace to update their application and re-enroll in their health plan or select a different plan during an applicable SEP to get the added benefits.
- Let consumers who have household incomes above 400 percent of the FPL know that they may be newly eligible for APTC because of ARP.
- Tell consumers that they can update their application and enrollment in order to get new eligibility results.
- Remind consumers that if they do not opt for APTC or the Marketplace determines they were not eligible for APTC at the time of enrollment, they may still be eligible for PTC when they file their federal income tax return for the year.
- Direct consumers to visit this website for more information: [HealthCare.gov/more-savings/](https://www.healthcare.gov/more-savings/).
- For more information, visit [Marketplace.cms.gov/technical-assistance-resources/american-rescue-plan.pdf](https://www.Marketplace.cms.gov/technical-assistance-resources/american-rescue-plan.pdf).

Points to Consider (Continued)

- Help eligible consumers understand the notices that they receive related to the COBRA premium subsidy.
- Let eligible consumers know that if they would like to stay on COBRA or newly elect COBRA, their COBRA premium may be subsidized at 100 percent from April 1, 2021, through September 30, 2021.
- Remind eligible consumers that they'll no longer be eligible, and must notify their plans if they become eligible, for coverage under another group health plan* or if they become eligible for Medicare. Failure to do so can result in a tax penalty.
- Remind consumers who elect COBRA that they can switch to a Marketplace plan during a Marketplace OEP or can end their COBRA coverage early and switch to a Marketplace plan if they have another SEP qualifying event such as marriage or birth of a child.
- CMS has developed a tool that is now available on HealthCare.gov to assist consumers in calculating their annual household income. Due to the COVID-19 pandemic, many people have seen their household income change, are receiving new sources of income such as unemployment, or are uncertain of future income. The income calculator tool will help consumers calculate their income, which the consumer can then report on their Marketplace application: [HealthCare.gov/income-calculator/](https://www.healthcare.gov/income-calculator/).

*Not including excepted benefits, a QSEHRA, or a Flexible Spending Arrangement (FSA).

Brainstorming Question #3

1. What is a key takeaway that you learned from this presentation?
2. What would you like more information about?



Resources

- [What Agents and Brokers Need to Know About the American Rescue Plan Act of 2021](#)
- HealthCare.gov: [New, lower costs on Marketplace coverage](#)
- CMS Fact Sheet: [cms.gov/newsroom/fact-sheets/extended-access-opportunity-enroll-more-affordable-coverage-through-healthcaregov](#)
- Link to American Rescue Plan Act of 2021: [Congress.gov/bill/117th-congress/house-bill/1319/text](#)
- ESC: [HealthCare.gov/have-job-based-coverage/options/](#)
- COBRA continuation coverage: [HealthCare.gov/unemployed/cobra-coverage/](#)
- Retiree coverage: [HealthCare.gov/retirees/](#)
- [Common Complex Scenarios: Consumers who Receive an Offer of ESC \(slides\)](#)
- [American Rescue Plan Act of 2021: COBRA \(slides\)](#)
- [HealthCare.gov/job-based-help/#/ichra](#)

Resources (Continued)

- How an Individual Coverage Health Reimbursement Arrangement (HRA) Offer Works: [Marketplace.cms.gov/outreach-and-education/how-an-individual-coverage-hra-offer-works.pdf](https://www.Marketplace.cms.gov/outreach-and-education/how-an-individual-coverage-hra-offer-works.pdf)
- COBRA Overview and QSEHRA Assistance: [CMS.gov/CCIIO/Programs-and-Initiatives/Health-Insurance-Marketplaces/Downloads/AB-COBRA-QSHERA-Slides-Feb012018.pdf](https://www.CMS.gov/CCIIO/Programs-and-Initiatives/Health-Insurance-Marketplaces/Downloads/AB-COBRA-QSHERA-Slides-Feb012018.pdf)
- Losing Job-based Coverage: [Marketplace.cms.gov/outreach-and-education/losing-job-based-coverage.pdf](https://www.Marketplace.cms.gov/outreach-and-education/losing-job-based-coverage.pdf)
- How to report change to the Marketplace: [HealthCare.gov/reporting-changes/how-to-report-changes/](https://www.HealthCare.gov/reporting-changes/how-to-report-changes/)
- Guidance on Marketplace Coverage and Coronavirus: [HealthCare.gov/coronavirus/](https://www.HealthCare.gov/coronavirus/)
- HealthCare.gov Income Calculator Tool: [HealthCare.gov/income-calculator/](https://www.HealthCare.gov/income-calculator/)
- Marketplace Information for Businesses Impacted by COVID-19: [Marketplace.cms.gov/technical-assistance-resources/training-materials/business-impact-covid-19.pdf](https://www.Marketplace.cms.gov/technical-assistance-resources/training-materials/business-impact-covid-19.pdf)
- Tip Sheet on Health Coverage Options for Employers Helping their Employees During the COVID-19 National Emergency: [Marketplace.cms.gov/technical-assistance-resources/training-materials/covid-19-tip-sheet.pdf](https://www.Marketplace.cms.gov/technical-assistance-resources/training-materials/covid-19-tip-sheet.pdf)