

Application Spotlight

Employer-sponsored Coverage

February, 2017



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Intended Audience

Please be advised that the information in this presentation is informal, technical assistance for agents and brokers, and 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 the Health Insurance Marketplace answer questions regarding employer-sponsored coverage and provide guidance for consumers who have COBRA and retiree coverage.

*Health Insurance MarketplaceSM and MarketplaceSM are service marks of the United States Department of Health & Human Services. 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).

Verification

- When assisting consumers applying for Marketplace coverage and insurance affordability programs, you should remind them to use the Employer Coverage Tool to provide valid information regarding their access to employer-sponsored coverage.
- The Marketplace will match consumers' information to data from the Office of Personnel Management and the Small Business Health Options Program (SHOP).

APTC and CSR

- Advance payments of the premium tax credit (APTC) and cost-sharing reductions (CSR) are available to support the purchase of qualified health plan (QHP) coverage through the Marketplace by helping to reduce a consumer's cost-sharing obligations.
- If consumers are currently enrolled in employer-sponsored coverage or are eligible for employer-sponsored coverage that is **affordable** and meets the **minimum value standard**, they are **not** eligible for APTC and CSR.

Affordable Employer-Sponsored Coverage

- Affordability is calculated by comparing the employee's share of the annual premium for **self-only coverage** under the employer-sponsored coverage to the employee's annual household income.
- To be deemed affordable in 2017, the employee's share of the annual premium for self-only coverage must not be more than 9.66% of annual household income.
 - The plan used to define affordability is the lowest priced self-only plan the employer offers, meaning a plan covering **only** the employee, not dependents. This is true even if a consumer is enrolled in a plan that costs more or covers dependents.
 - The cost is **the amount the employee would pay** for the insurance, not the plan's total premium.
 - The employee's **total household income** is used. Total household income includes income from everybody in the household who's required to file a tax return.

Minimum Value Standard

- A health plan meets the minimum value standard if it is designed to pay at least 60% of the total allowed cost of benefits (i.e., medical services) for a standard population.
 - Benefits must include substantial coverage of physician and inpatient hospital services.
- An eligible employer-sponsored plan provides minimum value only if the plan's share of the total allowed costs of benefits under the plan is at least 60%.
 - The employee's cost-sharing (deductibles, co-pays, and co-insurance) under the plan is no more than 40% of the cost of the benefits.
 - 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.

Minimum Value Standard (Continued)

- Consumers can ask their employer for help determining if the plan offered meets the minimum value standard. One way to gather this information is by consumers asking their employer to fill out the Employer Coverage Tool.

Enrollment

- For consumers who can enroll in health coverage through a job for 2017, but the enrollment period for the job-based coverage is closed, they still need to select “Yes” to the question shown in the screenshot below.
 - This includes coverage through COBRA or another person’s job, like a spouse.

The screenshot shows a web-based enrollment form. On the left is a sidebar with navigation links: 'GET STARTED' (checked), 'FAMILY & HOUSEHOLD' (checked), 'INCOME' (checked), 'ADDITIONAL INFORMATION' (with a plus icon), and 'REVIEW & SIGN'. Under 'ADDITIONAL INFORMATION', there are two steps: '1 John Carson' (highlighted in blue) and '2 Other questions'. The main content area shows a list of health coverage options with checkboxes: 'Mississippi's CHIP Program', 'Medicare', 'TRICARE (Don't choose this if you have Direct Care or Line of Duty)', 'VA health care program', 'Peace Corps', 'Individual insurance (including Marketplace or other non-group coverage)', and 'None of these' (which is checked). Below this list is an 'EDIT' button. A large question box asks: 'Is John Carson currently eligible for health coverage through a job (even if it's through COBRA or from another person's job, like a spouse)?'. It includes a light blue instruction box: 'Select "Yes" if you could've enrolled in employer coverage for this year, even if the enrollment period for the employer coverage is over. [Learn more about how to answer this question.](#)'. At the bottom of the question box are two radio buttons: 'Yes' (selected and circled in red) and 'No'. A green 'SAVE & CONTINUE' button is at the bottom right.

Enrollment (Continued)

- Additional questions in this section of the application collect information regarding coverage the consumer is eligible for to determine if the coverage disqualifies the consumer from eligibility for APTC .
 - These questions include: information about the employee, information about the employer, whether the plan offered provides minimum value, the cost to cover only the employee under the plan, and other information.

Cost of Premium for Employer-Sponsored Coverage

- Consumers can use the Employer Coverage Tool to obtain information about whether the employer offers plans that meet the minimum value standard and whether the premium amount for the employer-sponsored coverage is affordable.
- If a consumer is eligible for health coverage through someone else's job, he or she should answer the question about how much the coverage would cost by providing the amount the employee would pay for a plan that would only cover the employee.

Cost of Premium for Employer-Sponsored Coverage (Continued)

- In this example, John Carson is eligible for coverage through his employer.

The screenshot shows a web form with a sidebar on the left and a main content area on the right. The sidebar contains a progress indicator with five steps: GET STARTED (checked), FAMILY & HOUSEHOLD (checked), INCOME (checked), ADDITIONAL INFORMATION (active), and REVIEW & SIGN. Under 'ADDITIONAL INFORMATION', there are two sub-steps: '1 John Carson' (active) and '2 Other questions'. The main content area has a question: 'Is John Carson currently eligible for health coverage through a job (even if it's through COBRA or from another person's job, like a spouse)?'. Below the question is a light blue box with instructions: 'Select "Yes" if you could've enrolled in employer coverage for this year, even if the enrollment period for the employer coverage is over. [Learn more about how to answer this question.](#)'. There are two radio buttons: 'Yes' (selected) and 'No'. Below this is an 'EDIT' button. The next section is titled 'Tell us which employer(s) offer(s) health coverage to John Carson:' and includes instructions: 'Check the box next to each employer that offers coverage. Include any coverage available through your job, or a spouse or parent/ guardian's job.' There is a checkbox labeled 'employer' which is checked. To the right of this checkbox is an 'EDIT' button. Below the checkbox is a form for employer details: 'Employer Identification Number (EIN) optional' with a text box and a placeholder 'XX-XXXXXX'; 'Street address optional' with a text box; 'Suite number optional' with a text box; 'City optional' with a text box; 'State optional' with a dropdown menu showing 'Select'; and 'ZIP code optional' with a text box.

GET STARTED

FAMILY & HOUSEHOLD

INCOME

ADDITIONAL INFORMATION

1 John Carson

2 Other questions

REVIEW & SIGN

Is John Carson currently eligible for health coverage through a job (even if it's through COBRA or from another person's job, like a spouse)?

Select "Yes" if you could've enrolled in employer coverage for this year, even if the enrollment period for the employer coverage is over. [Learn more about how to answer this question.](#)

☒ Yes

☐ No

EDIT

Tell us which employer(s) offer(s) health coverage to John Carson:

Check the box next to each employer that offers coverage. Include any coverage available through your job, or a spouse or parent/ guardian's job.

☒ employer EDIT

Employer Identification Number (EIN) optional

XX-XXXXXX

Street address optional

Suite number optional

City optional

State optional

ZIP code optional

Cost of Premium for Employer-Sponsored Coverage (Continued)

- John should still enter the amount that the employee would pay for the lowest cost plan that would **only** cover him, as well as how often a payment is made.

Tell us about xyz's health coverage.

First, print out and take the [Employer Coverage Tool](#) to xyz to collect the information you need for this section to fill out the application. Instructions on the Employer Coverage Tool provide a step-by-step guide for using the tool to answer the questions in this section.

Does xyz offer a health plan that meets the minimum value standard?

☒ Yes
☐ No
☐ I don't know

For the lowest-cost plan available only to John Carson that meets the minimum value standard:

Most health plans offered by employers meet the minimum value standard. Only tell us about self-only plans offered to this employee. [\[Learn more about how to answer this question\]](#)

How much is the premium for this plan?

If the employer offers wellness programs, enter the premium that the employee would pay if the employee got the maximum discount for any tobacco cessation programs and didn't get any other discounts based on wellness programs.

☐ I don't know

How often would the employee pay this amount?

Monthly ▼

Cost of Premium for Employer-Sponsored Coverage (Continued)

- When determining eligibility for APTC, the employee-only cost of coverage is what matters, even if the employee isn't asking for the tax credit for themselves.
- The law specifies that the cost of coverage for other family members does not determine whether the coverage offered is affordable for the family, so the consumer won't need to enter the cost of family coverage anywhere on the application.

COBRA and the Marketplace

- When a consumer leaves a job, federal law provides that he or she may be able to keep job-based health coverage for a period of time, usually up to 18 months. This is called **COBRA continuation coverage**.
- During the Open Enrollment period and any applicable special enrollment period (SEP), consumers can voluntarily drop their COBRA coverage and enroll in coverage through the Marketplace instead, even if their COBRA coverage hasn't run out.
- Consumers **cannot** voluntarily drop their COBRA coverage for Marketplace coverage **outside** of the Open Enrollment period.

COBRA and the Marketplace (Continued)

- If a consumer's COBRA coverage is expiring outside Open Enrollment, he or she qualifies for an SEP, enabling him or her to enroll in Marketplace coverage.
- If a consumer is ending COBRA coverage early, outside of Open Enrollment, the consumer may not qualify for an SEP based on the loss of COBRA coverage. He or she would not be able to enroll in a Marketplace plan until the next Open Enrollment period, or until he or she qualifies for an SEP.
- COBRA continuation coverage qualifies as minimum essential coverage. If a consumer has COBRA coverage, he or she doesn't have to pay the individual shared responsibility payment consumers without coverage may have to pay.

COBRA and Retiree Coverage

- A consumer is not eligible for APTC or CSR if he or she is enrolled in COBRA or retiree coverage.
- The availability of COBRA and retiree coverage does not prevent a former employee from qualifying for APTC or CSR. The minimum value and affordability standards do not apply to current employees with COBRA and retiree coverage.
 - The Marketplace application skips the questions related to affordability and minimum value if a consumer attests to having access to COBRA or retiree coverage.

Indicating COBRA Coverage

- To indicate that a consumer's employer-sponsored coverage is COBRA, a consumer would make the noted selections.

Application ID: 139146863

✓ GET STARTED

✓ FAMILY & HOUSEHOLD

✓ INCOME

↓ ADDITIONAL INFORMATION

1 John Carson

2 Jane Carson

3 Other questions

○ REVIEW & SIGN

Is John Carson currently enrolled in xyz's health coverage?

☒ Yes

☐ No

Is John Carson a current or former employee of this employer?

☒ Yes

☐ No

What's John Carson's current work status at xyz? (Select one.)

No longer working at this employer ▾

Is the coverage from xyz COBRA coverage?

[Learn more about COBRA coverage.](#)

☒ Yes

☐ No

☐ Other

SAVE & CONTINUE

Indicating Retiree Coverage

- To indicate that a consumer's employer-sponsored coverage is retiree coverage, an individual would make the noted selections.

The screenshot shows a web form with a sidebar on the left and a main content area on the right. The sidebar contains a list of steps: 'GET STARTED' (checked), 'FAMILY & HOUSEHOLD' (checked), 'INCOME' (checked), 'ADDITIONAL INFORMATION' (plus icon), '1 John Carson' (selected), '2 Other questions', and 'REVIEW & SIGN' (plus icon). The main content area contains three questions. The first question is 'Is John Carson a current or former employee of this employer?' with radio buttons for 'Yes' (selected) and 'No'. The second question is 'What's John Carson's current work status at employer? (Select one.)' with a dropdown menu showing 'Retired'. The third question is 'Is John Carson's coverage from employer a retiree health plan?' with radio buttons for 'Yes' (selected) and 'No'. Below the third question is a link labeled 'Other' with a document icon. At the bottom right of the form is a green button labeled 'SAVE & CONTINUE'.

GET STARTED

FAMILY & HOUSEHOLD

INCOME

ADDITIONAL INFORMATION

1 John Carson

2 Other questions

REVIEW & SIGN

Is John Carson a current or former employee of this employer?

☒ Yes

☐ No

What's John Carson's current work status at employer? (Select one.)

Retired

Is John Carson's coverage from employer a retiree health plan?

☒ Yes

☐ No

Other

SAVE & CONTINUE

Losing Employer Coverage

- Consumers who lose employer-sponsored coverage generally qualify for an SEP due to loss of minimum essential coverage.
- If a spouse or dependent loses employer-sponsored coverage through a family member's employer, the spouse or dependent also may be eligible for an SEP.
- For more information see:
 - www.healthcare.gov/how-can-i-get-coverage-outside-of-open-enrollment
 - <https://marketplace.cms.gov/technical-assistance-resources/assisting-consumers-losing-coverage.pdf>

Application Spotlight: Employer-Sponsored Coverage



Resources

Resources

- For more information on employer-sponsored coverage, visit:
 - www.healthcare.gov/have-job-based-coverage/
 - https://www.cms.gov/CCIIO/Programs-and-Initiatives/Health-Insurance-Marketplaces/Downloads/AB_Complex_Sits_Employer_Coverage_Resource_FINAL.pdf
- For more information on COBRA, visit:
 - <https://www.healthcare.gov/unemployed/cobra-coverage/>
- For more resources from the Internal Revenue Service (IRS), visit:
 - www.irs.gov/Affordable-Care-Act