

Application Spotlight

Employersponsored 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 Statebased 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

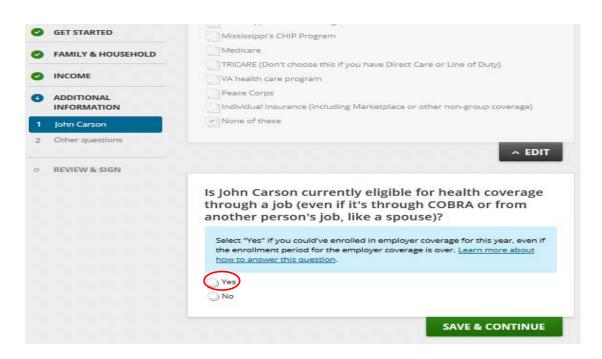
- A health plan meets the minimum value standard if it is designed to pay at least 60% of the total allowed cost of benefits (i.e., medical services) for a standard population.
 - Benefits must include substantial coverage of physician and inpatient hospital services.
- An eligible employer-sponsored 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 coinsurance) 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 <u>Employer Coverage Tool</u>.

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.



Enrollment (Continued)

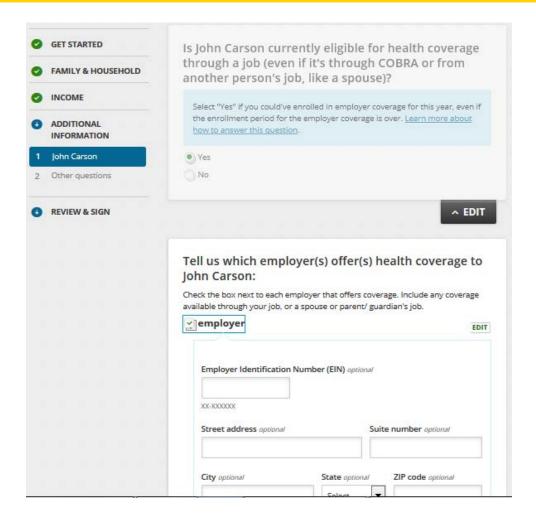
- Additional questions in this section of the application collect information regarding coverage the consumer is eligible for to determine if the coverage disqualifies the consumer from eligibility for APTC.
 - These questions include: information about the employee, information about the employer, whether 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 <u>Employer Coverage Tool</u> 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.

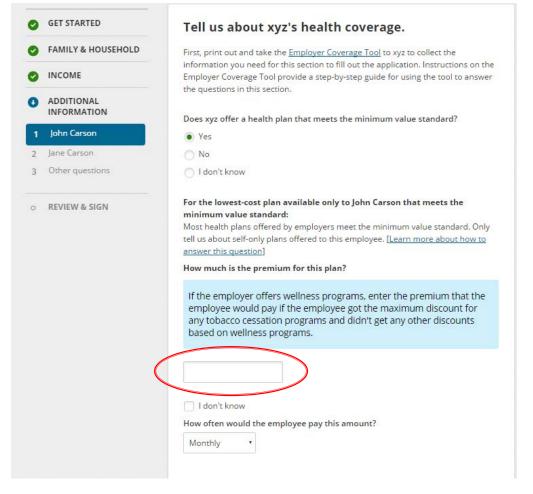
Cost of Premium for Employer-Sponsored Coverage (Continued)

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



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.



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)

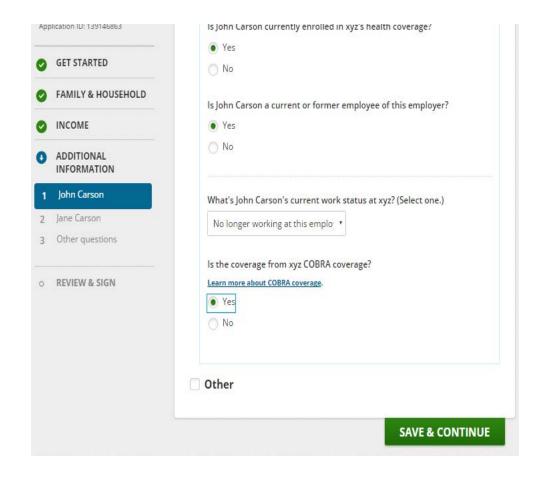
- If a consumer's COBRA coverage is expiring outside Open Enrollment, he or she qualifies for an SEP, enabling him or her to enroll in Marketplace coverage.
- If a consumer is ending COBRA coverage early, outside of Open Enrollment, the consumer may not qualify for an SEP based on the loss of COBRA coverage. 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 employersponsored coverage is COBRA, a consumer would make the noted selections.



Indicating Retiree Coverage

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

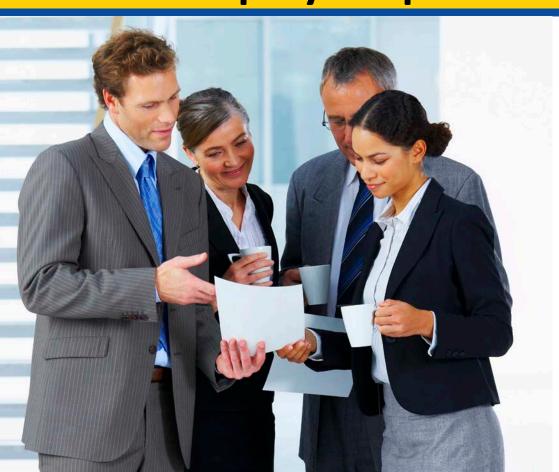
0	GET STARTED FAMILY & HOUSEHOLD	Is John Carson a current or former employee of this employer? Yes No What's John Carson's current work status at employer? (Select one.)
0	INCOME	
0	ADDITIONAL INFORMATION	
1	John Carson	
2	Other questions	Is John Carson's coverage from employer a retiree health plan?
0	REVIEW & SIGN	• 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-openenrollment
 - https://marketplace.cms.gov/technical-assistanceresources/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- <u>Insurance-</u>
 Marketplaces/Downloads/AB Complex Sits Employer Coverage <u>Resource FINAL.pdf</u>
- 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