

# Common Complex Scenarios

## *Consumers Who Receive an Offer of Employer-Sponsored Coverage*

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# Overview

- This resource presents a realistic scenario regularly encountered by agents and brokers: how to assist a consumer who is currently enrolled in health coverage through the Federally-facilitated Marketplaces (FFMs), but who needs to decide if an offer of employer-sponsored coverage is a better deal for him or her.
- This resource shows you how FFM policy guidance applies to the scenario, and how to help consumers in these situations.
- After reviewing the scenarios, see the “Additional Resources” section for more information on where to find related guidance and more assistance in helping consumers decide if getting health coverage through the FFMs or through employer-sponsored plans is best for them.

## Common Complex Situations

*Scenario:  
Consumer  
Receives an Offer  
of Employer-  
sponsored  
Coverage*



# Scenario: Consumer Receives an Offer of Employer-sponsored Coverage

## Samson, 55 years old, Married, Father of One Child

- Samson and his wife Carolyn enrolled in a health insurance plan through the Marketplace on November 15, 2015, and are receiving advance payments of the premium tax credit (APTC) to help lower the cost of their Marketplace coverage.
- Samson and Carolyn have a 14-year-old daughter, Sydney, who is enrolled in CHIP.
- Two months after enrolling in his Marketplace plan (on January 5, 2016), Samson started working for a national supermarket chain. He earns an annual salary of \$37,000.
- The supermarket offers health insurance coverage to full-time employees and their dependents after a 90-day waiting period. This means that Samson and his family will become eligible for coverage through Samson's employer-sponsored plan starting April 4, 2016.
- After the waiting period, employers are required to give employees at least 30 days to enroll in the employer plan. If Samson and his wife do not sign up during this 30-day period, they will have to wait until the employer plan's annual Open Enrollment period, unless they qualify for a special enrollment period before that.

# Notifying the Marketplaces of Other Coverage Options

## Does the Marketplace need to know about Samson's new job?

- If Samson's income changes because of his new job, he must report this change to the Marketplaces.
- Once Samson and Carolyn become eligible for coverage under Samson's employer-sponsored plan, Samson must report this offer of coverage to the Marketplace.

# Maintaining Marketplace Coverage When Eligible for Employer-sponsored Coverage

## Can Samson and Carolyn stay enrolled in their plan through the Marketplaces?

- Yes. During the waiting period, Samson and Carolyn can remain enrolled in their Marketplace plan with financial assistance.
  - During the waiting period, they are considered by the Marketplaces to not be eligible for employer-sponsored coverage and so do not have an “offer” of other minimum essential coverage (MEC).
- Once the waiting period is over, Samson and Carolyn can still remain in their Marketplace plan, but they may lose their eligibility for financial assistance through the Marketplaces.
  - If their employer-sponsored coverage is affordable and meets the minimum value (MV) standard, they will be ineligible for financial assistance through the Marketplace.

# Maintaining CHIP Coverage When Eligible for Employer-sponsored Coverage

## Can Sydney stay enrolled in CHIP?

- Generally, a child who has an offer of dependent coverage through a parent's employer-sponsored plan is ineligible for coverage under CHIP.



# Eligibility for Financial Assistance Through the Marketplace

- If Samson's offer of employer-sponsored coverage is determined to be affordable and meets the MV standard, he will not be eligible to receive financial assistance through the Marketplaces and will have to pay full-price for a plan purchased through the Marketplaces.
  - Note, however, that Samson and his wife may qualify for financial assistance through the Marketplaces during the 90-day waiting period (i.e., until they are actually eligible to enroll in Samson's employer-sponsored plan).
- It is important to note that, even if employees who were eligible for health insurance through their employers missed their opportunity to enroll (or chose not to enroll) in employer-sponsored coverage, these consumers must still indicate that they are eligible for employer-sponsored coverage on their Marketplace applications. The Marketplaces still considers these consumers "eligible" for employer-sponsored coverage.
- Whether Samson and Carolyn would continue to be eligible for financial assistance through the Marketplaces depends on whether Samson's offer of employer-sponsored coverage is considered affordable and to meet MV standards, and whether Samson experienced a change in income that would affect his eligibility for financial assistance through the Marketplaces.

# Determining if Employer's Coverage Offer is Affordable

- Agents and brokers will need to determine if the lowest cost plan offered for employee-only coverage that also meets the MV standard is “affordable.”
  - Employer coverage is considered affordable if the employee's share of the annual premium for the lowest cost employee-only plan is no greater than 9.66% of annual household income.
  - The affordability test only considers the cost of the employee-only coverage; the cost of family coverage (i.e., the cost of insurance for both Samson and his family) is not considered for the affordability test.
- In this scenario, Samson's annual household income is \$37,000. If an employer offers multiple health care coverage options, the affordability test applies to the lowest cost option available to the employee only that also meets the MV requirement.
- To be affordable, Samson's share of the lowest cost employer-sponsored plan covering Samson only (not his wife or child) cannot be more than 9.66% of Samson's annual household income or \$3,574 in annual premiums or approximately \$298 per month.
  - Note that even though the affordability test looks only at the cost of the lowest cost self-only plan available to Samson, if the coverage is considered to be “affordable” for Samson, then the other family members would also be considered to have an offer of “affordable” coverage for purposes of determining eligibility for financial assistance through the Marketplaces.

# Determining if Employer's Coverage Offer Meets Minimum Value

- Next, agents and brokers will need to determine whether the employer-sponsored plan meets the MV standard.
- A health plan meets the MV standard if it is designed to pay at least 60% of the total cost of medical services for a standard population.
  - The plan's Summary of Benefits Coverage (SBC) will indicate whether the coverage meets MV requirements.

# The Employer Coverage Tool

- To help consumers determine whether their offer of employer-sponsored coverage is affordable and meets the MV standard, employees should ask their employers (or human resources departments) to fill out the “Employer Coverage Tool” worksheet.
  - This worksheet is available at: [HealthCare.gov/downloads/employer-coverage-tool.pdf](https://www.healthcare.gov/downloads/employer-coverage-tool.pdf).
- While we encourage employees ask their employers to complete the Employer Coverage Tool, employees can also use this tool themselves to collect the information the Marketplaces need to assess their offer of employer-sponsored coverage.
- These consumers will need to provide the Marketplaces with their employer’s name, Employer Identification Number (EIN), phone number, and address.
  - The EIN is displayed on consumers’ W-2, or consumers can ask their employers to provide it to them.

# If Employer-sponsored Coverage Is Affordable and Meets MV: Option 1

**Enroll in employer-sponsored coverage during the employee's enrollment period or the employer's Open Enrollment period.**

- Employer-sponsored plans must provide employees a period of least 30 days to sign up for coverage when they first become eligible to sign up.

## **Considerations:**

- Does the plan's network include Carolyn and Samson's preferred providers and medications?
- How do out-of-pocket expenses (e.g., deductibles, copayments, and coinsurance) compare to the Marketplace plan in which they are enrolled?
- Who will enroll in coverage? Just Samson, or both Samson and Carolyn?
- How will the total annual premium costs differ?
- If Samson and Carolyn want to sign up for coverage under Samson's employer-sponsored plan as soon as they become eligible, they must sign up during the window of time the employer grants newly eligible employees to sign up for coverage.

# If Employer-sponsored Coverage Is Affordable and Meets MV: Option 2

**Re-enroll in current Marketplace plan (without receiving financial assistance through the Marketplaces).**

## **Considerations:**

- Are Samson and Carolyn satisfied with their current coverage?
- Will they be able to afford the same plan without receiving financial assistance through the Marketplaces?
- If Samson and Carolyn reject their offer of employer-sponsored coverage, they should make sure to update their Marketplace application to reflect any changes in their information (e.g., changes in income, updating information regarding eligibility for employer-sponsored coverage).

# If Employer-sponsored Coverage Is Unaffordable or Does Not Meet MV: Option 1

**Enroll in employer-sponsored coverage during the employee's enrollment period or the employer's Open Enrollment period.**

- Employer-sponsored plans must provide employees a period of least 30 days to sign up for coverage when they first become eligible to sign up.

## **Considerations:**

- Does the employer's coverage offer provide additional benefits or coverage (e.g., preferred providers, larger network, wellness incentives) that are not available through Samson's Marketplace plan?
- What will Samson's and Carolyn's coinsurance and out-of-pocket expenses be?
- Are there lower-cost premiums available on the Marketplaces?

# If Employer-sponsored Coverage Is Unaffordable or Does Not Meet MV: Option 2

**Re-enroll in current Marketplace plan (with APTC or cost-sharing reductions).**

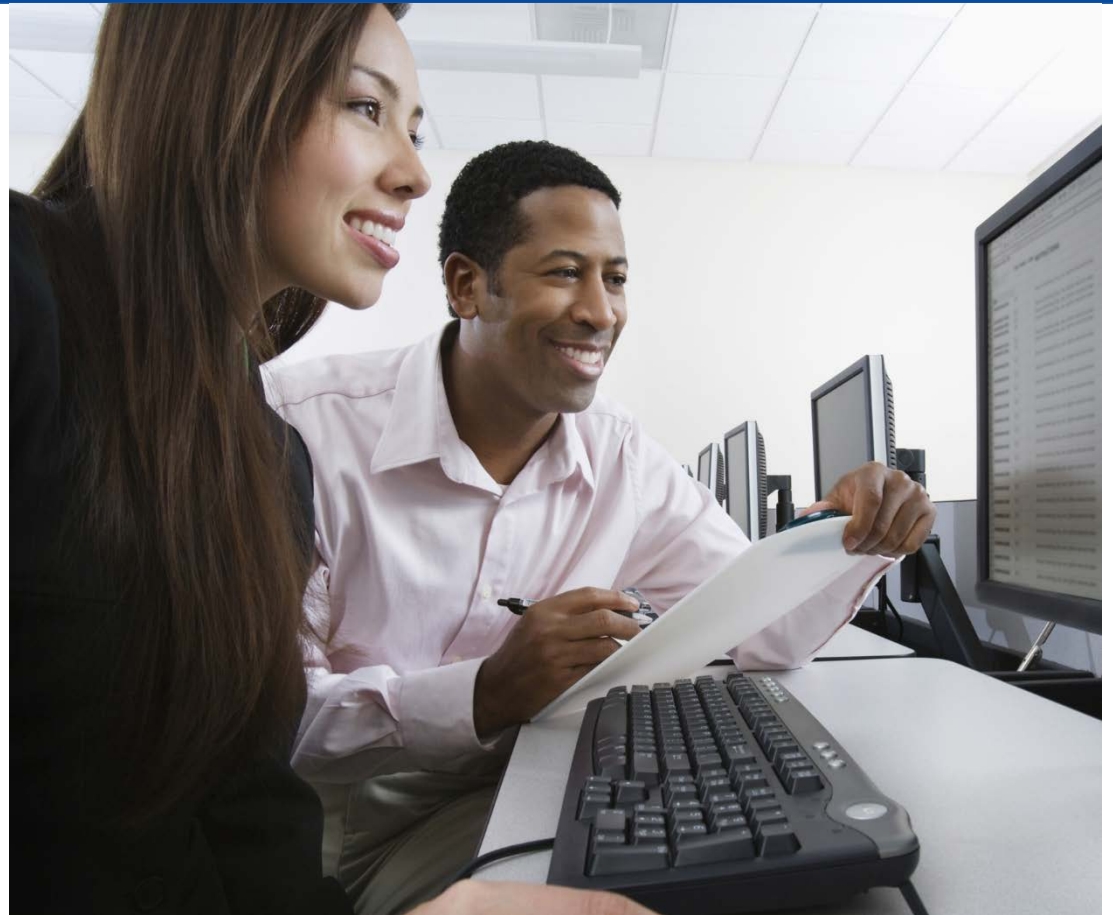
## **Considerations:**

- Are Samson and Carolyn satisfied with their current Marketplace coverage?
- Samson may be eligible for financial assistance through the Marketplaces depending on how much his household income changes.
  - How would this change in financial assistance affect the price of the family's premiums?
- Samson should report any change in income to the Marketplaces to receive adjusted amounts of financial assistance through the Marketplaces, or he may end up owing money to the government when he files his federal income taxes.



## Common Complex Situations

*Additional  
Resources*



# Additional Resources

- “Assisting Consumers with Complex Situations” webinar slides (presented March 30, 2016) provide guidance on how to assist consumers who:
  - Are part of multi-tax households (i.e., not filing federal income taxes jointly)
  - May have family members enrolling in different QHPs
  - Need guidance on how to allocate APTC and CSR among different QHPs in these situations
  - Are transitioning from Medicaid to employer-sponsored coverage
- “The Agent and Broker Roadmap to Resources” introduces important FFM and other health coverage topics, provides links to helpful resources on those topics, and contains information that you need to know when helping consumers apply for and enroll in QHPs and other health coverage, including Medicaid and CHIP.
- The Agents and Brokers Resources webpage is CMS’ primary outlet for information for agents and brokers.
- HealthCare.gov offers a wealth of information you can use to help consumers enroll in qualified health plans and manage their health care.