

Tips for Helping Consumers Who are Losing Employer-Sponsored Coverage

A loss of a job and income in the family is hard enough and many people in this situation are also losing their employer-sponsored health insurance coverage. As an agent or broker, you can help consumers who are facing this difficult situation find the best coverage option. Consumers and their families who are losing employer-sponsored coverage may: 1) choose to enroll in an individual plan through the Health Insurance Marketplace¹ or 2) be able to purchase health insurance for a limited time through a program called COBRA continuation coverage. You can help explain the differences between these two options so that consumers can make an informed choice about their future coverage.

Option 1: Get an Individual Marketplace Plan

If someone leaves a job for any reason and loses employer-sponsored coverage, they qualify for a [special enrollment period \(SEP\)](#) and can choose to buy coverage from the Marketplace outside of the regular Open Enrollment period. Consumers have 60 days to enroll in the Marketplace from the time their existing coverage ends, which may or may not be their last day of employment. Please advise consumers to maintain documentation of their current coverage and effective dates to help them request an SEP. **Note:** This SEP option does not apply to those who voluntarily give up employer-sponsored health coverage while staying in their job.

Applying for coverage through the Marketplace. Consumers may apply for Marketplace coverage online at [HealthCare.gov](https://www.healthcare.gov) or by calling the Marketplace Call Center at: 1-800-318-2596.

When filling out the Marketplace eligibility application, a consumer should choose “No” when answering whether he or she currently has health coverage. After the Open Enrollment period,

¹ 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).

consumers can still buy a Marketplace health plan **only** if they qualify for an SEP, which includes losing job-based health insurance.

You can help these consumers complete a Marketplace application to see if they qualify for lower costs on monthly plan premiums and if they qualify for lower out-of-pocket costs. Through the Marketplace, they can also learn if they qualify for free or low-cost coverage from Medicaid or the Children's Health Insurance Program (CHIP). Consumers can apply for Medicaid and CHIP at any time of the year.

When applying for coverage in the Marketplace, consumers should be sure to have a record of their current monthly income, and their estimated total household income for the year (not just their income before or after losing their job) to help the Marketplace determine their eligibility for all forms of financial assistance.

To estimate income accurately, consumers should include any expected unemployment compensation and anticipated wages from future employment as estimated income. Remind consumers that if they receive financial assistance with their Marketplace coverage, they must reconcile advance payments of premium tax credits when filing their federal tax return.

Option 2: Get COBRA Coverage

Consumers may also be able to purchase their employer-sponsored plan through [COBRA continuation coverage](#). COBRA is a federal law that allows an individual (and his or her family members) to pay for their employee health insurance for a limited time (usually 18 months) after employment ends or they otherwise lose coverage.

Consumers who buy COBRA continuation coverage:

- Will not be able to get any of the lower costs on [premiums](#) and [out-of-pocket costs](#) that consumers may get using the Marketplace, making COBRA coverage potentially much more expensive than Marketplace coverage.
- Would have to pay the full monthly premium, including any part of the premium that their employer previously had contributed. This typically amounts to 102% of the full premium cost, which is usually much higher than the premium the individual was paying before leaving their job.
- Generally, will not be able to get a Marketplace plan outside of the Open Enrollment period until COBRA coverage has expired (usually 18 months). Voluntarily dropping COBRA coverage for failing to pay premiums will not trigger an SEP.

Options available for COBRA enrollees. Consumers currently enrolled in COBRA continuation have the option of voluntarily dropping their COBRA coverage to switch to a Marketplace plan during the Open Enrollment period. Once you help them complete a

Marketplace application and determine their eligibility, these consumers can view all plans available to them and complete the enrollment process.

Reporting Life Changes

Remind consumers that once they have Marketplace coverage, they must [report certain life changes](#). This information may change their eligibility for coverage plans or savings.

Life changes to report:

- Get married or divorced
- Have a child, adopt a child, or place a child for adoption
- Have a change in income
- Get health coverage through a job or a program like Medicare or Medicaid
- Change place of residence
- Have a change in disability status
- Gain or lose a dependent
- Become pregnant
- Experience other changes that may affect income and household size

Other changes to report include: change in tax filing status; change of citizenship or immigration status; incarceration or release from incarceration; change in status as an American Indian/Alaska Native or tribal status; and corrections to name, date of birth, or Social Security number.

Remind consumers to get covered to avoid the individual shared responsibility payment. Be sure to remind consumers that if they don't have [minimum essential coverage \(MEC\)](#) or don't otherwise qualify for an exemption from the requirement to maintain MEC, they may have to pay an individual shared responsibility payment.² Consumers without coverage will also have to pay all of the costs for health care.

² 26 C.F.R. § 1.5000A-1. See also: <http://www.irs.gov/uac/Affordable-Care-Act-Tax-Provisions>