

# Application Questions about Employer-sponsored Coverage (ESC)

## Module 1: Assisting Consumers with Offers of ESC or COBRA

### Let's Get Started

What happens when I receive an offer of employer-sponsored coverage, or ESC?

- Should I accept the offer or keep my Marketplace plan?

What happens when I leave my job and lose my ESC?

- Should I enroll in COBRA continuation coverage?
- What are my options?

Consumers who receive an offer of ESC or lose their ESC need to know their options so they can pick a health care plan that best fits their needs.

### Objectives

After completing this module, you should be able to:

1. Explain to consumers how an offer of Employer-sponsored Coverage or Consolidated Omnibus Reconciliation Act (COBRA) will affect their current Marketplace plan.
2. Assist consumers in completing the job-based health coverage section on a Marketplace.

As an assister, you can help consumers by explaining how an offer of ESC will affect their current Marketplace plan.

You can also let them know their options if they lose their ESC.

In this module, you will help consumers complete the job-based health coverage section on a Marketplace application and reinforce your knowledge of the Consolidated Omnibus Reconciliation Act, or COBRA, continuation coverage.

## What You Need to Know

Let's review important concepts related to ESC.

### **Savings**

If a consumer has an offer of ESC, they might be able to change to a Marketplace plan. But they probably won't qualify for a premium tax credit or cost-sharing reductions.

If the ESC is considered affordable and meets minimum standards, a consumer who is offered (or enrolled in) such coverage won't qualify for a premium tax credit or cost-sharing reductions.

### **Affordability**

For 2025, a plan is considered "affordable" to an employee if the plan's premiums for self-only coverage do not exceed 9.02 percent of the employee's household income.

The Internal Revenue Service (IRS) issued new regulations that began in 2023: If a consumer has an offer of ESC that extends to their family members, the affordability of coverage for those family members will be based on the family premium amount, not the self-only employee premium cost.

In 2025 a plan is considered "affordable" to an employee's family members if the plan's premium for family coverage does not exceed 9.02 percent of the employee's household income.

### **Minimum Value Standard**

For self-only and family plans, the ESC meets the minimum value standard if it's designed to pay at least 60 percent of the total cost of medical services for a standard population, and its benefits include substantial coverage of physician and inpatient hospital services.

### **ESC**

Learn more about how an offer of ESC affects eligibility for Marketplace coverage by visiting the [See Your Options If You Have Job-Based Health Insurance](#) page on HealthCare.gov.

### **COBRA**

Learn more about COBRA continuation coverage and the Marketplace by visiting the [COBRA Coverage and Health Insurance Marketplace® Options](#) page on HealthCare.gov.

## What You Need to Do

### Roger and Peter

Roger recently started a full-time job as a home health aide at People's United, a state-funded health care provider, and will be earning \$51,000 per year. People's United offers both self-only coverage for the employee and family coverage for spouses and dependents, and they informed Roger that both plans meet the minimum value standard.

Roger has a son, Peter, and claims him as his tax dependent. Peter does not earn any income currently, and neither Roger nor Peter is currently enrolled in health coverage.

Roger would like your help determining whether either of his offers of ESC (i.e., his offers of self-only coverage and family coverage) are affordable, or whether he or Peter are eligible for Marketplace coverage with financial assistance in the form of premium tax credits (PTCs) and cost-sharing reductions (CSRs).

**Assister Tip:** Remember, consumers with offers of ESC that both meet the minimum value standard and are affordable are not eligible to receive financial assistance (i.e., PTCs and CSRs) with Marketplace coverage. If an individual is already enrolled in ESC, they'll be considered ineligible for financial assistance, regardless of whether the offer is affordable or meets the minimum value standard. Consumers enrolled in ESC may qualify for a Special Enrollment Period (SEP) if they are determined newly eligible for advanced payments of the premium tax credit (APTC) because their employer-sponsored plan no longer offers affordable coverage, and they drop their ESC. Consumers can access this SEP by attesting "Yes" to the application question that asks about losing qualifying health coverage and providing the date they can end their ESC or the date they lost it in the past. Consumers who are currently enrolled in ESC and wish to drop it and enroll in a Marketplace plan should confirm with their employer that they can terminate their coverage before their Marketplace plan would start. For more information, visit [See Your Options If You Have Job-Based Health Insurance](#) on HealthCare.gov.

Roger needs your help adding his ESC information on his Marketplace application to determine whether the offers of coverage are affordable.

Roger explains that he's already started an online Marketplace application and entered information about himself and Peter as individuals who need health coverage. He would like your help completing the application.

Roger needs to confirm that he will claim Peter as his tax dependent on his federal income tax return so that the Marketplace will count Peter as a member of Roger's tax household and determine his eligibility for financial assistance.

Roger answers the following three questions on the "Tax Relationships" screen and then selects Save & continue.

Will Roger file a 2025 federal income tax return?

Answer: Yes

Will Roger claim any dependents on their 2025 federal tax return?

Answer: Yes

Who will Roger claim as a dependent on their 2025 federal tax return?

Answer: Peter

Roger then needs to enter his income from his job with People's United so the Marketplace can determine whether his offers of ESC are affordable and whether he's eligible for financial assistance.

The application will first ask about the income he receives during the current month and then ask about his annual income for the year he's applying for coverage. Roger selects the Add income button.

Roger enters the following information:

Income type: Job (like salary, wages, commissions or tips)

Employer name: People's United

Estimated monthly income: \$4,250

Then he selects the Add button.

Roger doesn't have any of the expenses listed in the "Minus certain expenses" section, so he can skip that section and select the Save & continue button.

The application will then display Roger's estimated income for the year he's applying for coverage. Roger's estimated annual income is correct.

Roger selects the "Expected to be about this amount" option and then Save & continue.

Note: The application will also ask about Peter's income since he's a member of Roger's tax household, but Peter does not currently earn any income, so the total annual household income is \$51,000.

Next, the application asks whether Roger or Peter is enrolled in coverage. Roger can select "None of these people" since neither he nor Peter is currently enrolled in Roger's employer-sponsored coverage.

The application then asks if Roger is offered coverage through his own job. Roger selects "Yes".

Roger must then indicate that his offer of employer coverage is through People's United and that this offer of coverage will still be available by the date indicated on the screen.

Which of Roger's employers offers them health coverage?

Answer: People's United

Will this coverage offer still be available on 1/1/2025?

Answer: Yes

The application will then ask for details about who else can enroll in the coverage offered through People's United, whether the plans offered meet the minimum value standard, and what the premium costs will be for self-only coverage and family coverage.

Assister Tip: Previously, employer-sponsored coverage had been considered affordable for all family members to whom an employer's offer extended if the premium for the employee's self-only coverage was affordable. The premium required to cover any family members was not taken into account.

The Internal Revenue Service (IRS) issued new regulations that began in 2023: If a consumer has an offer of employer coverage that extends to their family members, the affordability of employer coverage for those family members will be based on the family premium amount, not the self-only employee premium amount.

Remember, for Plan Year 2025, a plan is considered affordable to an employee if: the plan's premiums for self-only coverage do not exceed 9.02 % of the employee's household income, and a plan is considered affordable to an employee's family members if: the plan's premium for family coverage does not exceed 9.02 % of the employee's household income.

People's United offers a family plan covering dependents, so Roger should select Peter. The family plan also meets the minimum value standard, so Roger should select Yes when asked.

Next, Roger needs to enter the premium costs for the lowest-cost plan for just himself as well as the lowest-cost plan for himself and Peter.

Roger enters the following amounts:

Roger's premium amount for Roger only: \$200

Frequency: Monthly

Roger's premium amount for himself and Peter: \$400

Frequency: Monthly

Then Roger selects Save & continue.

In the "Review & submit" section of the application, Roger can review all of the information he entered to make sure it's correct. If he needs to make any changes, he can select the "Edit" link next to the appropriate field to update the information.

After signing and submitting his application, Roger will be able to review his eligibility results.

The "Eligibility results" page indicates that Roger is not eligible for premium tax credits for Marketplace coverage for himself only because the self-only coverage offered by People's United is considered affordable to Roger.

However, Peter is eligible for Marketplace coverage with premium tax credits because the premium for the lowest-cost family plan offered by People's United is more than 9.02 % of Roger's annual household income and is therefore unaffordable for Peter.

Roger and Peter have three options for enrolling in coverage:

1. Roger enrolls in a self-only ESC plan through People's United, and Peter enrolls in Marketplace coverage with premium tax credits;
2. Both Roger and Peter enroll in Marketplace coverage, but only Peter receives premium tax credits; or
3. Both Roger and Peter enroll in ESC through People's United.

He thanks you for your assistance.

### **Catalina**

Good job helping Roger! Now, here's another applicant named Catalina.

Currently, Catalina and her 20-year-old son Antonio have Marketplace coverage with APTC and CSRs. She recently received a job offer from Star Corp. that includes ESC. The ESC covers employees only, not their spouses or dependents.

Catalina wants to know if her ESC offer will affect her eligibility for APTCs and CSRs.

Catalina fills out the same sections of the application as Roger and comes to you for help with the "Coverage offer: Star Corp." screen.

To find out whether Star Corp.'s ESC offer meets the minimum value standard, she asked Star Corp. to fill out the [Employer Coverage Tool](#). Star Corp. indicated that the plan does not meet the minimum value standard.

Catalina answers the following questions, then selects Save & continue.

Besides Catalina, who else could enroll in health coverage at Star Corp.?

Answer: None of these people

Do the plans offered by Star Corp. meet the minimum value standard?

Answer: No

Since Catalina answers "No" to the question of whether Star Corp.'s ESC offer meets the minimum value standard, the application will not ask her questions about whether the offer is affordable. Remember, an ESC offer must be both affordable and meet the minimum value standard for a consumer to be considered ineligible for financial assistance with Marketplace coverage.

Catalina completes and submits her application to receive her eligibility results.

Catalina's eligibility results indicate that she and Antonio can continue to receive APTCs and CSRs with their Marketplace plan. Since Star Corp.'s offer of health coverage does not meet the minimum value standard, Catalina continues to be eligible for financial assistance.

Catalina now knows that she can keep her Marketplace coverage with APTC and CSRs.

### **Idris Blake**

Your last client for the day is Idris Blake. Idris was let go from his job last week. When he was employed, he had ESC. Idris needs your help to determine his health coverage options now that he lost his ESC.

After his loss of ESC, Idris has three options. He can buy a plan through the Marketplace, elect COBRA continuation coverage, or apply for Medicaid coverage.

Marketplace coverage: Losing ESC, even if consumers quit or get fired, qualifies them for an SEP to enroll in Marketplace coverage for the rest of the year. Consumers may also qualify for Medicaid, depending on their state, and can enroll at any time.

COBRA continuation coverage: Consumers may be able to keep their ESC through COBRA continuation coverage for a limited period of time.

Medicaid coverage: Consumers may qualify for Medicaid, if they meet their state's eligibility criteria and can enroll at any time.

Assister Tip: As a reminder, COBRA is a federal law that may let eligible employees and dependents pay to stay on their ESC for a limited time after their job ends (usually 18 months).

Let's check in with Idris.

Idris lost his ESC on October 4. That means he has an SEP to select a Marketplace plan until December 3rd and coverage will begin on the first day of the next month following plan selection.

Idris calculates that since he lost his ESC on October 4, if he selects a Marketplace plan by October 31, his coverage can start November 1.

That sounds great to Idris, but he also wants to learn more about COBRA continuation coverage.

How many days does Idris have to select COBRA coverage?

Answer: 60

Can COBRA continuation coverage start retroactively?

Answer: Yes

When making his decision, Idris considers that COBRA continuation coverage may be more expensive than what he paid for ESC while he was employed, since employers are not required to contribute to premium costs or other costs associated with COBRA continuation coverage. Therefore, consumers may have to pay the entire monthly premium themselves plus a small administrative fee.

Idris would like to know what happens if he enrolls in COBRA continuation coverage and later decides he wants to enroll in a Marketplace plan outside of the Open Enrollment Period (OEP). What should you tell him?

If you're choosing to end COBRA continuation coverage early (or your COBRA continuation coverage is terminated because you failed to pay premiums) and it's outside of Open Enrollment, can you change to a Marketplace plan?

Answer: No, you can't change to a Marketplace plan until Open Enrollment unless you qualify for an SEP another way.

Assister Tip: Let's help Idris understand when he can enroll in a Marketplace plan based on different ways his COBRA continuation coverage may end.

If you're choosing to end COBRA continuation coverage early, and it's during Open Enrollment, can you change to a Marketplace plan?

Answer: Yes, you can change to a Marketplace plan because it's Open Enrollment.

If your COBRA continuation coverage is ending (generally because you have received the full 18 or 36 months of COBRA coverage you are eligible for, as applicable) and it's outside of Open Enrollment, can you change to a Marketplace plan?

Answer: Yes, you can change to a Marketplace plan because you qualify for a loss of minimum essential coverage (MEC) SEP.

If your COBRA continuation coverage is ending, generally because you have received the full 18 or 36 months of COBRA continuation coverage you are eligible for (as applicable) or because you failed to pay COBRA premiums, and it's during Open Enrollment, can you change to a Marketplace plan?

Answer: Yes, you can change to a Marketplace plan because it's during Open Enrollment. And you may also qualify for a loss of minimum essential coverage (MEC) SEP if your COBRA continuation coverage is ending.

If your COBRA continuation coverage costs change because your former employer completely stops contributing so you must pay full cost and it's outside of Open Enrollment, can you change to a Marketplace plan?

Answer: Yes, you can change to a Marketplace plan because you qualify for an SEP.

If your COBRA continuation coverage costs change because your former employer completely stops contributing so you must pay full cost and it's during Open Enrollment, can you change to a Marketplace plan?

Answer: Yes, you can change to a Marketplace plan because it's during Open Enrollment and you qualify for an SEP.

Great job helping Idris!

Here are some final questions to review takeaways on COBRA continuation coverage and SEPs.

What can qualify a consumer for an SEP, meaning that they can switch to a Marketplace plan outside of Open Enrollment?

Answer: COBRA continuation coverage ends because the consumer exhausted the full amount of available COBRA coverage (i.e., generally 18 or 36 months), or COBRA continuation coverage costs change because a former employer completely stops contributing so the consumer must pay the full cost.

You're helping a consumer whose COBRA continuation coverage is set to end in March of the following year. In November, during Open Enrollment, they decide they would like to drop COBRA continuation coverage and enroll in a Marketplace plan effective January 1. Can they do that?

Answer: Yes

In Summary:

When COBRA continuation coverage ends because the consumer exhausted the full amount of available COBRA coverage (i.e., generally 18 or 36 months), consumers qualify for a loss of



MEC SEP and are eligible for this SEP whether the COBRA continuation coverage ends during Open Enrollment or outside of Open Enrollment. They can report the loss of MEC between 60 days before and 60 days after their COBRA coverage ends to enroll in a Marketplace plan. If they report their loss of MEC and select a plan before their COBRA continuation coverage ends, their Marketplace coverage will begin on the first day of the month following the day they lose COBRA coverage. If they report their loss of MEC and select a plan after their COBRA continuation coverage ends, their Marketplace coverage will begin the first day of the month following plan selection.

When employers stop contributing completely to COBRA continuation coverage premiums and consumers have to pay the full premium cost as a result, consumers will be eligible for an SEP regardless of whether their employer stops contributing during Open Enrollment or outside of Open Enrollment. They can report this change between 60 days before and 60 days after the last day for which their employer stops contributing to enroll in a Marketplace plan. If they report this change and select a plan before the last day for which their employer stops contributing, their Marketplace coverage will begin on the first day of the month following the last day of the period their employer stops contributing. If they select a plan after the last day of the period their employer stops contributing, their Marketplace coverage will begin the first day of the month following plan selection.

When consumers choose to end their COBRA continuation coverage early or their COBRA coverage ends as a result of failing to pay premiums), they will not qualify for an SEP and cannot enroll in a Marketplace plan unless it is during Open Enrollment or they qualify for an SEP another way.

Idris thanks you for providing him with this information. He decided he would like to elect COBRA continuation coverage if it's not too expensive. Once the end date of his COBRA continuation coverage gets closer, he will research enrolling in a Marketplace plan.

## Wrap-Up

Congratulations! You have completed *Assisting Consumers with Offers of Employer-sponsored Coverage or COBRA*.

Assister Tip: You did a great job working through each of these scenarios to help consumers enter their job-based coverage on their Marketplace application as well as inform consumers of their options, like COBRA, when they lose job-based coverage.

To learn more about this topic, refer to:

- [Application Spotlight: ESC, ICHRAs, and QSEHRAs.](#)
- [Transitioning from Employer-Sponsored Coverage to Other Health Coverage.](#)
- [COBRA Coverage and the Marketplace.](#)
- [If you have job-based insurance.](#)
- [Understanding COBRA.](#)

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