Assisting Consumers with Offers of Employer-sponsored Coverage or COBRA Course

CENTERS FOR MEDICARE & MEDICAID SERVICES

Assisting Consumers with Offers of Employer-sponsored Coverage 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 other options?

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

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 happen to lose their ESC.

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

What You Need to Know

Before you get started, let’s review important concepts related to ESC.

Savings - If a consumer has ESC, they might be able to change to a Marketplace plan. But they probably won’t qualify for a premium tax credit or other savings. If the job-based plan or offer of job-based coverage is considered affordable and meets minimum value standards, they won’t qualify for savings.

Affordability - For 2023, a plan is considered "affordable" to an employee if the plan's premiums for self-only coverage do not exceed 9.12 percent of the employee's household income.

The Internal Revenue Service (IRS) issued new regulations that apply beginning in Plan Year 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 cost.

Therefore, for 2023, a plan is considered "affordable" to an employee's family members if the plan's premium for family coverage does not exceed 9.12 percent of the employee's household income.

Minimum Value Standard - For an employee, the self-only plan offered by the employer meets the minimum value standard if both of these apply:

- It’s designed to pay at least 60 percent of the total cost of medical services for a standard population.
- Its benefits include substantial coverage of physician and inpatient hospital services.

For family members of the employee, the family plan offered by the employer meets the minimum value standard if both of these apply:

- It's designed to pay at least 60 percent of the total cost of medical services for a standard population.
- Its benefits include substantial coverage of physician and inpatient hospital services.

For more information

Visit ESC - Learn more about how an offer of ESC affects eligibility for Marketplace coverage.

Visit COBRA - Learn more about COBRA continuation coverage and the Marketplace.

What You Need to Do

Here are some real-world scenarios you may encounter when working with consumers. Select the correct options in each scenario.

Scenario Directions: This area contains directions for each scenario. Select **Continue** to proceed to the next screen.

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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.

Scenario Directions: Select **Continue** to proceed to the next screen.

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.

Scenario Directions: Select **Continue** to proceed to the next screen.

Roger would like your help determining whether either of his offers of ESC (i.e., the 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).

Scenario Directions: Select **Continue** to proceed to the next screen.

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.

Scenario Directions: Select **Continue** to proceed to the next screen.

Assister Tip:

Consumers who enroll 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. This applies to consumers whose coverage is no longer affordable due to the change in IRS rules. 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, review HealthCare.gov/have-job-based-coverage/options.

Scenario Directions: Select **Continue** to proceed to the next screen.

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

Scenario Directions: 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 rest of the application. Select the **Save & continue** button to proceed.

Scenario Directions: Roger needs to confirm that he will claim Peter as his tax dependent on his 2023 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.

Help Roger answer the three questions on the "Tax Relationships" screen and then select the **Save & continue** button.

Correct Answers:

Will Roger file a 2023 federal income tax return? Yes.

Will Roger claim any dependents on their 2023 federal tax return? Yes.

Who will Roger claim as a dependent on their 2023 federal tax return? Select Peter.

Scenario Directions: 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, therefore, 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. Select the **Add Income** button.

Scenario Directions: Help Roger select the appropriate income type.

Correct Answer: Jobs (like salary, wages, commissions, or tips)

Scenario Directions: Help Roger enter the following information:

Employer name: People's United

Employer phone number: 555-123-4567

Estimated income for October: $4,250

Then select the **Add** button.

Scenario Directions: Roger doesn't have any of the expenses listed in the "Minus certain expenses" section. Select the **Save & continue** button.

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

Help Roger select the "Expected to be about this amount" option and then select the **Save & continue** button.

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 2023 annual household income is $51,000.

Scenario Directions: The "Coverage & changes" section of the application asks if Peter is offered a state employee health benefit plan through a job or a family member's job. Remember, Roger's employed by a state-funded health care provider. Select the correct option, then select **Save & continue.**

Question and correct answer:

Is Peter offered Delaware's state employee health benefit plan through a job or a family member's job (like a parent)? Yes.

Scenario Directions: Next, the application asks Roger if he is offered coverage through his own job. Select the correct option and then select the **Save & continue** button.

Question and correct answer:

Is Roger offered health coverage through their own job? Yes.

Scenario Directions: 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. Select the correct options and then select the **Save & continue** button.

Questions and correct answers:

Which of Roger's employers offers them health coverage? People's United is selected.

Will this coverage offer still be available on 10/28/2023? Yes.

Scenario Directions: Select the **Continue** button.

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.

Scenario Directions: Select **Continue** to proceed to the next screen.

Assister Tip:

Until now, employer-sponsored coverage has been considered affordable for **all family members** to whom an employer's offer extends 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 apply beginning in Plan Year 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 cost. Remember, for Plan Year 2023, a plan is considered affordable to an employee if the plan's premiums for self-only coverage do not exceed 9.12 percent 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 9.12 percent of the employee's household income.

Scenario Directions: 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."

Help Roger make these selections on the screen.

Scenario Directions: 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. Help Roger enter 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 select the **Save & continue** button.

Scenario Directions: 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. Select **Continue** to proceed.

Scenario Directions: 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 because the premium for the lowest-cost family plan offered by People's United is more than 9.12 percent of Roger's annual household income and is therefore unaffordable. Select **Continue** to proceed.

Scenario Directions: Select the **Continue** button.

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.

Scenario Directions: Select **Continue** to proceed to the next screen.

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.

Scenario Directions: 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.

Help Catalina answer the questions on this page, then select the **Save & continue** button.

Questions and correct answers:

Besides Catalina, who else could enroll in health coverage at Star Corp.? None of these people should be selected.

Do the plans offered by Star Corp. meet the minimum value standard? No.

Scenario Directions: Select **Continue** to proceed to the next slide.

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 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.

Scenario Directions: 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. Select **Continue to Enrollment** to proceed to the next screen.

Scenario Directions: Continue on to the next section or select the **Restart** button to go through the scenario again.

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

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 main 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 a Special Enrollment Period (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.

Medicaid coverage – Consumers may also qualify for Medicaid, depending on their state and if they meet eligibility criteria, and can enroll at any time.

As a reminder, COBRA is a federal law that may let consumers pay to stay on their ESC for a limited time after their job ends (usually 18 months).

Let's check in again on Idris.

Idris lost his insurance plan on October 4. That means he can enroll in a Marketplace plan, and coverage will begin on the first day of the next month following plan selection.

Idris calculates that since he lost his insurance plan 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 enroll in COBRA continuation coverage?

A. 30
B. 60
C. 90

The correct answer is B, 60. Typically, consumers have 60 days (starting on the later of the date the consumer is furnished a COBRA election notice or the date the consumer would lose coverage) to elect COBRA continuation coverage. COBRA continuation coverage begins on the date the ESC ended if the election is made within the required time frame.

Due to the COVID-19 National Emergency, the deadline for electing COBRA continuation coverage has been temporarily extended. Employees who have experienced a COBRA continuation coverage qualifying event have until the earlier of one year from the date they were first eligible for relief or 60 days after the announced end of the COVID-19 National Emergency to elect COBRA coverage. In the case of the temporary extension to elect COBRA, the first day a consumer is eligible for relief is 60 days after the later of the date the consumer is furnished a COBRA election notice or the date the consumer would lose coverage.

Can COBRA continuation coverage start retroactively?

A. Yes
B. No

The correct answer is A, 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 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:

A. Yes, you can change to a Marketplace plan because you qualify for an SEP.
B. No, you can't change to a Marketplace plan until Open Enrollment unless you qualify for an SEP another way.

The correct answer is B, no. Since ending COBRA continuation coverage early or having coverage terminated because he failed to pay premiums doesn't qualify Idris for an SEP, he'll have to wait until the next OEP to enroll in a Marketplace plan, unless he qualifies for an SEP another way.

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 **during** Open Enrollment:

A. Yes, you can change to a Marketplace plan because it's during Open Enrollment.
B. No, you can't change to a Marketplace plan unless you qualify for an SEP.

The correct answer is A, yes. Idris can change to a Marketplace plan because it's during 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:

A. Yes, you can change to a Marketplace plan because you qualify for a loss of minimum essential coverage (MEC) SEP.
B. No, you can't change to a Marketplace plan until Open Enrollment.

The correct answer is A, yes. When Idris's COBRA continuation coverage ends because he has received the full 18 or 36 months of COBRA continuation coverage he's eligible for (as applicable), he will qualify for a loss of MEC SEP whether it's during Open Enrollment or outside Open Enrollment. He can report his loss of MEC either 60 days before or 60 days after his coverage ends to enroll in a Marketplace plan. If he reports his loss of MEC and selects a plan before his COBRA continuation coverage ends, his Marketplace coverage will begin on the first day of the month following the day he lost coverage. If he reports his loss of MEC and selects a plan after his COBRA continuation coverage ends, his Marketplace coverage will begin the first day of the month following plan selection.

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 or because you failed to pay COBRA premiums, and it's **during** Open Enrollment:

A. Yes, you can change to a Marketplace plan because it's during Open Enrollment. And you may qualify for a loss of minimum essential coverage (MEC) SEP if your continuation coverage is ending.
B. No, you can't change to a Marketplace plan because you don't qualify for an SEP.

The correct answer is A, yes. Idris can change to a Marketplace plan because it's during Open Enrollment, even if his COBRA continuation coverage is ending because he failed to pay COBRA premiums. Additionally, when his COBRA continuation coverage ends because he has received the full 18 or 36 months of COBRA continuation coverage he's eligible for, he will also qualify for a loss of MEC SEP. He'll qualify for this SEP regardless of whether his COBRA continuation coverage ends during Open Enrollment or outside of Open Enrollment. He can report his loss of MEC either 60 days before or 60 days after his coverage ends to enroll in a Marketplace plan. If he reports his loss of MEC and selects a plan before his COBRA continuation coverage ends, his Marketplace coverage will begin on the first day of the month following the day he lost coverage. If he reports his loss of MEC and selects a plan after his COBRA continuation coverage ends, his Marketplace coverage will begin the first day of the month following plan selection.

If your COBRA continuation coverage costs change because your former employer completely stops contributing so you must pay full cost **outside** of Open Enrollment:

A. Yes, you can change to a Marketplace plan because you qualify for an SEP.
B. No, you can't change to a Marketplace plan until Open Enrollment.

The correct answer is A, yes. If Idris's employer completely stops contributing to his COBRA continuation coverage so that he must pay the full cost, he will qualify for an SEP regardless of whether his employer stops contributing during Open Enrollment or outside of Open Enrollment. He can report this change either 60 days before or 60 days after the last day of the period his employer stops contributing to enroll in a Marketplace plan. If he reports this change and selects a plan before the last day of the period his employer stops contributing, his Marketplace coverage will begin on the first day of the month following the last day of the period his employer stops contributing. If he selects a plan after the last day of the period his employer stops contributing, his Marketplace coverage will begin the first day of the month following plan selection.

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:

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

B. No, you can't change to a Marketplace plan.

The correct answer is A, yes. Idris can change to a Marketplace plan because it's during Open Enrollment. Additionally, if his employer completely stops contributing to his COBRA continuation coverage so that he must pay the full cost, he will qualify for an SEP regardless of whether his employer stops contributing during Open Enrollment or outside of Open Enrollment. He can report his loss of coverage either 60 days before or 60 days after the last day of the period his employer stops contributing to enroll in a Marketplace plan. If he reports this change and selects a plan before the last day of the period his employer stops contributing, his Marketplace coverage will begin on the first day of the month following the last day of the period his employer stops contributing. If he reports this change and selects a plan after the last day of the period his employer stops contributing, his Marketplace coverage will begin the first day of the month following plan selection.

Great job helping Idris! Here are some final questions to review key takeaways on COBRA continuation coverage and SEPs.

Which of the following qualifies a consumer for an SEP, meaning that they can switch to a Marketplace plan **outside** of Open Enrollment? (Choose all that apply)

A. COBRA continuation coverage ends.
B. COBRA continuation coverage costs change because a former employer completely stops contributing so the consumer must pay the full cost.
C. Choosing to end COBRA continuation coverage.

The correct options are A and B. A consumer will qualify for an SEP either when COBRA continuation coverage ends or when COBRA continuation coverage costs change because a former employer completely stops contributing so the consumer must pay full cost. A consumer will not qualify for an SEP if they voluntarily end COBRA continuation coverage (including as a result of failing to pay premiums).

You're helping a consumer whose COBRA continuation coverage is set to end in March 2023. In November 2022, during Open Enrollment, they decide they would like to drop COBRA continuation coverage and enroll in a Marketplace plan. Can they do that?

A. Yes
B. No

The correct answer is A, yes. This consumer can switch from COBRA continuation coverage to a Marketplace plan in November 2022 because it's during Open Enrollment. They don't have to wait until March 2023 to enroll in Marketplace coverage through the loss of MEC SEP.

In Summary...

When COBRA continuation coverage ends…

…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 either 60 days before or 60 days after their 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 lost 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 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 either 60 days before or 60 days after the last day of the period their employer stops contributing to enroll in a Marketplace plan. If they report this change and select a plan before the last day of the period 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 (including 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 his COBRA continuation coverage begins to run out, he will look into enrolling in a Marketplace plan.

Wrap Up

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

Great job on those scenarios!

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

To learn more about this topic, refer to:

[HRAs: 3 Things to Know]

Transitioning from Employer-sponsored Coverage to Other Health Coverage

COBRA Coverage and the Marketplace

Employer-sponsored Coverage

Understanding COBRA webinar (cms.gov)