Marketplace Information for Businesses Impacted by COVID-19

In this document, the term "Marketplace" refers to Exchanges using HealthCare.gov. This information applies to individuals who reside in a Federally-facilitated Exchange (FFE) state, or in a state with a State-based Exchange on the Federal platform (SBE-FP). Individuals who do not reside in a state that uses the HealthCare.gov platform can learn more about their state's Exchange here: ***https://www.healthcare.gov/marketplace-in-your-state/****.*

Q1: If a business is unable to continue making premium payments for group health insurance coverage for its employees and the coverage is terminated, can affected employees purchase health insurance coverage on the individual market?

A1: Yes. If an individual loses their qualifying job-based health insurance coverage because their employer failed to pay premiums, the individual qualifies for an individual market Special Enrollment Period (SEP) because of their loss of qualifying coverage. Individuals who lose qualifying coverage can enroll in individual coverage through the Marketplace, if otherwise eligible, including through a **certified enrollment partner**, or outside of it, such as through licensed agents and brokers or directly through an insurance company. Before choosing a plan, all individuals may first wish to contact their current providers and the insurance company to make sure that these providers are included in their new plan's network.

In most states, people can use HealthCare.gov to enroll in Exchange, or "Marketplace" coverage, but some states run their own Exchange. **See a list of states with their own Exchanges.**[1] Individuals may be eligible for advance payments of the premium tax credit (APTC) to help pay for coverage. To see if they qualify for APTC, individuals must apply for coverage through HealthCare.gov or through a **certified enrollment partner**, or through **the Exchange in their state**.

Q2: If the employer can't pay monthly premium payments for its employees, how do grace periods apply?

A2: Any grace period for late premium payments for coverage purchased in the group market is governed by applicable state law. Several state departments of insurance have either required or encouraged insurance companies in their state to offer consumers flexibility regarding premium payment deadlines and grace periods. For more information on state actions taken in response to the COVID-19 pandemic that impact insurance, see: **https://content.naic.org/naic_coronavirus_info.htm**. Your state department of insurance can also provide you with additional information.

[1] See "Where to apply for health coverage" at **https://www.healthcare.gov/marketplace-in-your-state/**

Q3: When can individuals losing job-based coverage apply for Marketplace coverage, and when will the coverage take effect?

A3: An individual can apply for Marketplace coverage and select a plan up to 60 days before they lose coverage or 60 days after they lose coverage. An individual's coverage will start the first of the month after they select a plan, if they have already lost coverage. If they know they will lose coverage within the next 60 days, they can submit an application on HealthCare.gov and select a plan before they lose coverage to help make sure there's no gap in coverage; if they do so, their new coverage can start the first of the month after they lose coverage.

For example, if "Julia" knows she'll lose coverage on April 30 and she submits an application and selects a plan on April 10, her coverage will start on May 1. If Julia loses coverage on April 30 and doesn't select a plan until May 5, her coverage won't start until June 1, resulting in a one-month gap in coverage.

Q4: If a business reduces hours for an employee such that the reduction causes a loss of health coverage or a change in health coverage options, does the affected employee qualify for an SEP? May an employee qualify for an SEP if their income decreases because of a reduction in hours, or if their employer reduces its contribution to their health coverage?

A4: First, if an employee loses job-based coverage because of a loss of eligibility for coverage, such as a reduction in their hours, they are eligible for an SEP to enroll in individual health insurance coverage either through the Marketplace or outside of it, even if the employee is eligible to elect COBRA continuation coverage. If an employee's health coverage options change because of a reduction in their hours, then they will qualify for an SEP if they lose their current coverage, but will not qualify for APTC if they still are offered a health coverage option that meets affordability rules and the minimum value standard, or enroll in their employer's plan, even if it does not meet the affordability rules and the minimum value standard.

Second, if an employee's income decreases because of a reduction to their salary, wages, or the hours they work, or if a business reduces its contribution to an employee's health coverage, the employee will qualify for an SEP if their coverage is newly unaffordable as a result, as long as they can terminate the coverage. Employees whose job-based coverage is newly unaffordable must terminate their job-based coverage to qualify for this SEP and for APTC. Employees in this situation who are applying for individual coverage through HealthCare.gov should attest to losing coverage to access this SEP, and will need to provide the date of their coverage loss.

Finally, when deciding whether to switch to Marketplace coverage, employees in these situations may want to consider factors such as whether their circumstances may change later in the year, and that they will no longer be eligible for APTC if they later experience a household income increase that would make their employer's offered coverage newly affordable for them.

Q5: My employees may be receiving a direct deposit or check from the IRS that is called an economic impact payment. What is that, and will it impact their eligibility for financial assistance for health care coverage through the Marketplace?

A5: The Coronavirus Aid, Relief, and Economic Security (CARES) Act calls for the IRS to make economic impact payments of up to $1,200 per taxpayer and $500 for each qualifying child. If an employee gets one of these payments, they should not include it in the household income they report on their HealthCare.gov application because such payments are not considered part of the Modified Adjusted Gross Income. Therefore, these payments do not impact their eligibility for financial assistance for health care coverage through the Marketplace, or their eligibility for Medicaid or the Children's Health Insurance Program (CHIP).

More information from the IRS is available at
https://www.irs.gov/newsroom/economic-impact-payments-what-you-need-to-know

Q6: What does it mean for coverage to be considered "affordable," and what is the "minimum value standard"?

A6: A job-based health plan is considered "affordable" if an employee's share of the monthly premiums for the lowest-cost self-only coverage the employer offers that meets the minimum value standard is less than 9.78% of the employee's household income. (An employee may pay more than 9.78% of their household income on monthly premiums if she is enrolled in her employer's spouse or family coverage, but affordability is determined by only the amount she would pay for self-only coverage.)

To learn more about coverage affordability rules and the minimum value standard, see:
https://www.healthcare.gov/have-job-based-coverage/change-to-marketplace-plan/.

If an employee isn't sure whether their coverage is newly unaffordable, they can complete an application on HealthCare.gov or through the Marketplace in their state and include up-to-date information about their coverage and household income. Additionally, employees can use the Employer Coverage Tool to gather the information they'll need to check if their job-based coverage is affordable:
https://marketplace.cms.gov/applications-and-forms/employer-coverage-tool.pdf.

Q7: Do furloughed employees qualify for a special enrollment period to apply for health insurance coverage on the individual market?

A7: Furloughed employees whose qualifying health coverage becomes unaffordable or who lose qualifying health coverage as a result will qualify for an SEP because of loss of coverage. This may happen for several reasons.

One, a furloughed employee may no longer have an offer of health coverage if their employer terminates the employee's coverage or stops making premium payments and the coverage is terminated as a result. Because these individuals no longer have access to job-based coverage, they may qualify for an SEP due to their loss of coverage, and they may be eligible for APTC to help pay for coverage.

Two, if the employer increases its employees' required contributions to the health coverage, it may make their job-based coverage newly unaffordable, and the employee may qualify for an SEP.

Three, even if an employer does not stop paying for furloughed employees' health coverage, or does not increase its employees' required contributions to the health coverage, an employee may qualify for an SEP if they experience a change in household income (for example, due to being furloughed) that makes their job-based coverage newly unaffordable, and they are allowed to terminate their job-based coverage.

Furloughed employees who are eligible for an SEP may decide to switch to Marketplace coverage. However, they may want to consider factors such as how long their furlough may last, and that they will no longer be eligible for APTC if they later experience an increase in household income that makes their employer's coverage newly affordable for them. Additionally, before choosing a plan through the Marketplace or otherwise, all individuals may first wish to contact their current providers and the insurance company to make sure that their current providers are included in that plan's network.

If they decide to apply for coverage through HealthCare.gov, furloughed employees whose coverage becomes unaffordable and who lose coverage or terminate coverage as a result should attest to losing coverage and provide the date of their coverage loss to access an SEP; the coverage effective dates described in the answer to Q3 also apply.

Q8: Can employees who lose their job and their job-based coverage qualify for an SEP even if they're entitled to elect COBRA continuation coverage?

A8: Yes. Eligibility for COBRA continuation coverage does not disqualify an individual from a loss- of-coverage SEP. Additionally, if an employee initially elects COBRA continuation coverage, they may still use their loss-of-coverage SEP to enroll in Marketplace coverage until the end of their SEP window, which is 60 days after their loss of pre-COBRA job-based coverage. They may also qualify for APTC if they terminate their COBRA continuation coverage. However, if the employee decides to terminate the COBRA continuation coverage before it runs out and after 60 days have passed since their loss of pre-COBRA job-based coverage, the employee will not be eligible for a loss-of-coverage SEP based on the termination of COBRA continuation coverage and will need to wait to enroll in individual market coverage until the next open enrollment period, unless they qualify for another SEP or are in the situation described in Q9.

Note: State law may also provide for other continuation coverage, such as continuation coverage that is applicable to health insurance offered by employers with fewer than 20 employees. This is often referred to as mini-COBRA. Being eligible to elect mini-COBRA does not make an employee ineligible for a loss of coverage special enrollment period, either.

Q9: Can an individual enrolled in COBRA continuation coverage qualify for a SEP if their COBRA continuation coverage costs change because their former employer stops contributing and they must pay full cost?

A9: Yes, a consumer in this situation may qualify for a SEP. For more information about COBRA continuation coverage and the Marketplace, please see: **https://www.healthcare.gov/unemployed/cobra-coverage/**.