

# Tips for Assisting Consumers Who are Losing Employer-sponsored Coverage

**Updated May 8, 2014**

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 assisters, 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 Marketplace<sup>i</sup>, or 2) be able to purchase health insurance for a limited time through a program called COBRA continuation coverage<sup>ii</sup>. Assisters can help explain the differences between these two options so that consumers can make an informed choice about their future coverage.

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- **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 the existing coverage ends, which may or may not be the last day of employment. Please advise the consumer to maintain documentation of their current coverage and effective dates in order to request the SEP. **Note:** this option doesn't apply to those who voluntarily gave up employer-sponsored health coverage even though they stayed in their job.

**Applying for coverage through the Marketplace.** Consumers may apply for Marketplace coverage online at 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.

Marketplace open enrollment ended March 31, 2014. Consumers can still buy a

Marketplace health plan **only** if they qualify for a special enrollment period, which includes losing job-based health insurance. Consumers can apply for Medicaid and CHIP any time. Open Enrollment for 2015 coverage starts November 15, 2014.

Consumers can go to the Marketplace 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 \(CHIP\)](#).

When applying for coverage in the Marketplace, consumers should be sure to have both their current monthly income, and their estimated total household income for 2014 (not just their income before or after losing their job), in order to determine eligibility for all forms of financial assistance. To most accurately estimate income, consumers should also include any expected unemployment compensation and anticipated wages from future employment as estimated income. Consumers should be reminded that they must reconcile advanced 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:

- Won't be able to get any of the lower costs on [premiums](#) and [out-of-pocket costs](#) that people may get using the Marketplace. That means COBRA coverage may be much more expensive than coverage through the Marketplace.
- 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 percent of the full premium cost, which is usually much higher than the premium the individual was paying before leaving their job.
- Generally, won't 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 or failing to pay premiums will not trigger a Special Enrollment Period.

**Options Available for COBRA Enrollees Between Now and July 1, 2014.** Consumers who are currently enrolled in COBRA continuation have the option of switching to a Marketplace plan between now and **July 1, 2014**. If interested, COBRA enrollees should call the Marketplace Call

Center at 1-800-318-2596, and inform the Call Center that they are calling about their COBRA benefits and the Marketplace. Once determined eligible, consumers can view all plans available to them and continue the enrollment process over the phone or online, by creating an account on [HealthCare.Gov](https://www.healthcare.gov) or logging into their existing account.

- **For more information on COBRA see:** <https://www.healthcare.gov/what-if-icurrently-have-cobra-coverage/>.

## Reporting life changes

Be sure to remind consumers that once they have Marketplace coverage, they must report certain life changes. This information may change the coverage or savings they are eligible for. More information on reporting life changes is available at: <https://marketplace.cms.gov/technical-assistance-resources/report-life-event.pdf>.

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: 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; correction to name, date of birth, or Social Security number.

## Remind Consumers: Get covered to avoid the penalty

Be sure to remind the people you are helping that if they don't have [minimum essential coverage \(MEC\)](#) starting in January 2014 or don't otherwise qualify for an exemption from the requirement to maintain MEC, they may have to pay a [penalty](#).<sup>iii</sup> Consumers without coverage will also have to pay all of the costs for health care.

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<sup>i</sup> 45 C.F.R. § 156.600. See also: <http://www.cms.gov/CCIIO/Programs-and-Initiatives/Health-Insurance-MarketReforms/minimum-essential-coverage.html>.

<sup>ii</sup> 29 C.F.R. § 1161. See also: <https://www.healthcare.gov/what-if-i-currently-have-cobra-coverage/>.

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

