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The Marketplace Application Process and the Employer Coverage Tool

Starting October 1st, one of the major elements of the Patient Protection & Affordable Care Act (PPACA) will begin with the launch of Health Insurance Marketplaces. Through these new online Marketplaces, most Americans will be able to shop for coverage through national and state-administered insurance exchanges. The first ever national open enrollment starts tomorrow for coverage starting as early as January 1, 2014. Open enrollment ends March 31, 2014. These new Marketplaces are intended for Americans without access to health insurance through their employer or for Americans who have opted not to maintain health insurance.

Benefits and Cost

The benefits available are mandated by the PPACA. There are generally three levels of coverage offered: Gold, Silver and Bronze plans. The premiums will vary state by state and early reports from state and federal officials suggest wide disparities in premiums across the country. Also, consumers have to evaluate the benefits available to determine what may work best for them. Some states have Marketplaces run by the federal government whereas others have their own Marketplaces or ones created in conjunction with the federal government. Either way, an individual can go to www.HealthCare.gov to see the available coverage options and cost.

Individual Mandate

The availability of health insurance through the Marketplaces is also intended to help Americans comply with the Individual Mandate under PPACA. This mandate requires that nearly all Americans carry health insurance or pay a tax. The Marketplaces will offer uninsured consumers an opportunity to buy coverage. The first national enrollment will give consumers six months to evaluate Marketplace coverage. If by March 31, 2014, Americans have no health insurance through a Marketplace, their employer, Medicare, or Medicaid, most uninsured Americans will face a fine of 1% of yearly income or \$95 per person; whichever is higher. The tax increases every year, rising to 2.5% of yearly income in 2016 or \$695 per person. Similar to many employer-sponsored health plans, some life events such as a change in employment status, birth, or a divorce may qualify an individual for a special enrollment period outside the October-to-March window.

Most employer-provided plans will qualify as "minimum essential coverage," so an individual won't be fined for not having health insurance if they are covered through their job. And since many employers pay a portion of health insurance premium, the employer-provided coverage might be cheaper than the plans offered through the Marketplace.

Why a Marketplace?

Many employees who have coverage through their employer may still want to explore their options in the Marketplace. Plus, consumers who are not eligible for employer-provided coverage or those who might qualify for certain financial assistance (based on income) may evaluate a Marketplace plan. Coverage options depend on household income and not employment status. Depending on income, an employee might qualify for Medicaid or the Children's Health Insurance Program (CHIP).

All of the available Marketplace plans will offer a list of "essential health benefits" (like emergency services and prescription drugs), and while certain plans may offer additional coverage, the exchange plan networks will likely be narrower than the networks typically offered under employer provided plans. A catastrophic plan (offering essential health benefits with a lower premium and a higher deductible) is also available to those under 30 years old or to certain people unable to afford more comprehensive health coverage.

Links to the applications for Marketplace coverage follow:

- [Individual Short Form](#)
- [Family](#)
- [Individual without Financial Assistance](#)

Enrollment Process

Applicants will be able to apply on paper, by phone, or online. The online application is intended to be a "dynamic experience" that tailors the application based upon the information provided. When an employee applies for coverage in the Health Insurance Marketplace, they'll need to provide some personal and income information as well as information on any insurance they currently have. The Marketplace website suggests that individuals use a "[checklist](#)" to help gather information needed to apply for coverage. This checklist includes the "Employer Coverage Tool" that enables employers to provide information about the group health plan coverage for which the applicant is eligible. The applicant is directed to complete the Employer Coverage Tool (see page 2 of the checklist) for every job-based plan for which they are eligible (even if they did not enroll.) The Tool specifically directs the applicant to ask the employer to fill out the form.

Employer Involvement

Many employers/plan sponsors may be asked by their employees to complete the Employer Coverage Tool or to provide the requested employer information. The information provided on the Tool is to be used to determine whether individuals applying for subsidized coverage are eligible for employer-sponsored health coverage that meets affordability and minimum value standards. Employers have the option of combining the Employer Coverage Tool with the Exchange Notice. Some are also looking for other ways to provide this information to their employees, including posting the pre-populated tool on a company website, making this information available during benefit meetings, or upon request by employees. Employers are not obligated to complete any specific form and may also opt to simply provide a copy of their plan's benefit and cost details. No matter how employers choose to provide information about their company benefit plans, they should be aware that they may get requests for such information from employees. As 2014 approaches, employers should begin planning for the collection and sharing of these various points

of information if their employees approach them asking for the information.

What to Expect

It is difficult to predict how the Marketplace rollout will work. Never before has there been such a massive undertaking related to insurance. Much will depend on the simplicity of the Marketplaces' operations and ability to help consumers wade through their options and details. In the near term, we do not expect an exodus of consumers from their employer-sponsored plans to the Marketplaces.

Should you have questions about this or any aspect of federal health insurance reform, contact your Conner Strong & Buckelew account representative toll free at 1-877-861-3220. For a complete list of Legislative Updates issued by Conner Strong & Buckelew, visit our online [Resource Center](#).



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