

New Health Insurance Marketplace Coverage Options and Your Health Coverage

When key parts of the health care law take effect in 2014, there will be a new way to buy health insurance: the Health Insurance Marketplace. To assist you as you evaluate options for you and your family, this notice provides some basic information about the new Marketplace and employment based health coverage offered by your employer.

What is the Health Insurance Marketplace?

The Marketplace is designed to help you find health insurance that meets your needs and fits your budget. The Marketplace offers "one-stop shopping" to find and compare private health insurance options. You may also be eligible for a new kind of tax credit that lowers your monthly premium right away. Open enrollment for health insurance coverage through the Marketplace begins in October 2013 for coverage starting as early as January 1, 2014.

Can I Save Money on my Health Insurance Premiums in the Marketplace?

You may qualify to save money and lower your monthly premium, but only if your employer does not offer coverage, or offers coverage that doesn't meet certain standards. The savings on your premium that you're eligible for depends on your household income.

Does Employer Health Coverage Affect Eligibility for Premium Savings through the Marketplace?

Yes. If you have an offer of health coverage from your employer that meets certain standards, you will not be eligible for a tax credit through the Marketplace and may wish to enroll in your employer's health plan. However, you may be eligible for a tax credit that lowers your monthly premium, or a reduction in certain cost-sharing if your employer does not offer coverage to you at all or does not offer coverage that meets certain standards. If the cost of a plan from your employer that would cover you (and not any other members of your family) is more than 9.5% of your household income for the year, or if the coverage your employer provides does not meet the "minimum value" standard set by the Affordable Care Act, you may be eligible for a tax credit.¹

Note: If you purchase a health plan through the Marketplace instead of accepting health coverage offered by your employer, then you may lose the employer contribution (if any) to the employer-offered coverage. Also, this employer contribution -as well as your employee contribution to employer-offered coverage- is often excluded from income for Federal and State income tax purposes. Your payments for coverage through the Marketplace are made on an after-tax basis.

How Can I Get More Information?

For more information about coverage offered by your employer, please contact your Plan Sponsor or Human Resources. The Marketplace can help you evaluate your coverage options, including your eligibility for coverage through the Marketplace and its cost. Please visit HealthCare.gov for more information, including an online application for health insurance coverage and contact information for a Health Insurance Marketplace in your area.

¹ An employer-sponsored health plan meets the "minimum value standard" if the plan's share of the total allowed benefit costs covered by the plan is no less than 80 percent of such costs.

Note: Although EBSA issued a Model Exchange Notice, the scope of that notice significantly exceeds the scope of the content requirements cited in Section 1512 of PPACA. For example, the Model Exchange Notice issued by EBSA includes sections for the following information: (1) employer name; (2) employer identification number; (3) employer address and contact numbers; (4) whether all or some employees are eligible for coverage; (5) whether dependents are eligible for coverage; (6) whether the coverage satisfies minimum value; and (7) whether the employee is currently eligible for coverage and if not, when the employee will become eligible, along with several other items.

If an employer were to rely on the Model Exchange Notice issued by EBSA, it is likely that the employer would need to create multiple versions in order to accommodate different types of employees, as well as different coverage offerings (in the event that more than one option is available). Further, many plan sponsors have not yet finalized plan designs or benefits for the 2014 plan year and will not be able to do so before October 1, 2014. As such, it may be difficult to represent in good faith that the employer-sponsored coverage satisfies minimum value.

In order to avoid extra administrative burden associated with these issues, many employers that sponsor health coverage will likely avoid using the suggested Model Exchange Notice and instead opt for a scaled-down notice that satisfies the minimum necessary requirements cited in the regulations. These considerations were taken into account with respect to the above-cited language.

DISCLAIMER: The information contained in this document is *not* intended to serve as legal advice or substitute the advice of legal counsel. This document is intended to provide general information only. CNIC encourages recipients of this information to seek legal counsel to determine how notice laws and regulations, construed alongside other applicable laws and regulations, apply to your plan(s). **The applicability of each notice will vary depending on the terms of your plan.**