

OK to Include More ACA Marketplace Information with COBRA Election Notices

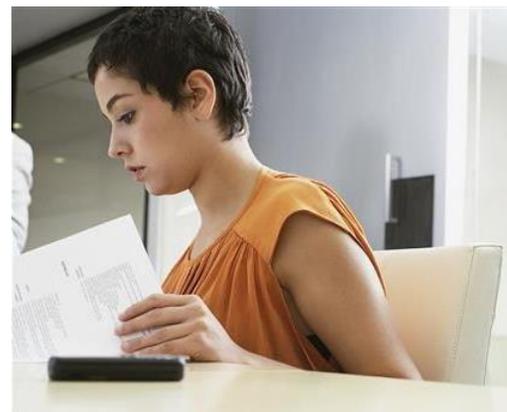
DOL clarified in an FAQ that plans may provide their qualified beneficiaries with more information on ACA marketplace coverage than the current COBRA model election notice contains. This information could explain how to get help with marketplace enrollment, the availability of financial assistance, and/or any other aspect of marketplace coverage that could help qualified beneficiaries choose between COBRA and marketplace alternatives.

Background

The Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) offers individuals who otherwise would lose group health plan coverage because of certain “qualifying events” — such as job loss, divorce and aging out of dependent child status — the opportunity to continue their coverage. COBRA coverage can be an expensive option though, because these individuals, known as “qualified beneficiaries,” may be required to pay up to 102% of the full cost of group health plan coverage — with actual plan costs for the employer typically higher than the 102%. Additionally, COBRA coverage is limited in duration, lasting a maximum of 18 months following a termination of employment or reduction in hours and 36 months after other qualifying events.

The inception of the Affordable Care Act (ACA) marketplaces created new health coverage opportunities for qualified beneficiaries. Marketplace coverage may be less expensive than COBRA coverage for many individuals, and, unlike COBRA coverage, is available indefinitely.

In 2014, DOL updated its model COBRA general notice and election notice to highlight the availability of marketplace coverage. See our [June 3, 2014 For Your Information](#). DOL considers use of the properly completed model election notice to be good faith compliance with COBRA’s election notice content requirements.



DOL: OK to Provide More Marketplace Coverage Information

Earlier this summer, DOL released [an FAQ](#) stating that a group health plan administrator may include additional information about marketplace coverage in or along with its COBRA election notice. DOL listed examples of such information, including how to get help with marketplace enrollment (including special enrollment), the availability of financial assistance, information about the marketplace website, marketplace contact information, general information about particular marketplace products and other “information that may help qualified beneficiaries choose between COBRA and other coverage options.”

Comment. Prior to this guidance, some plan sponsors may have feared that adding more information on marketplace coverage than that provided in the model COBRA election notice could jeopardize compliance with COBRA’s election notice content requirements.

The guidance explicitly encourages plans to consider ways to help qualified beneficiaries choose the coverage that best meets their needs. It also states that plans can tailor COBRA election notices to particular groups of qualified beneficiaries, for example young adults who are aging out of dependent coverage. In any event, however, the information should not be too long or complicated — it must be “easily understood by the average plan participant.”

In Closing

Plans wishing to provide more ACA marketplace coverage information to their qualified beneficiaries now have DOL’s blessing to do so.

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