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FAQ Suggests Employers Include Marketplace Options with COBRA Notices

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On June 21, 2016, the Departments of Labor, Health and Human Services, and the Treasury (collectively, the “Departments”) issued the 32nd Affordable Care Act (“ACA”) FAQ describing information that may be appropriate to include with COBRA notices. Many wondered if it were appropriate to provide information and if so, what kind of information could be provided about the Health Insurance Marketplaces/Exchanges (“Marketplaces”) so that COBRA-eligible individuals could consider health coverage alternatives available through the Marketplaces and possibly investigate whether they may be eligible for premium tax credits and cost-sharing reductions. The current model COBRA notice includes some information to help make qualified beneficiaries aware of other coverage options available in the Marketplaces, but that information is limited. Note that employers also should send a Notice of Coverage Options to all employees at time of hire. That document describes Marketplace options as well.

Under this new FAQ, the DOL indicated that it would be appropriate for an employer to provide additional information about the availability of Marketplace coverage provided that any communication can be “easily understood by the average participant.” In that vein, any additional information should not be too lengthy or difficult to understand. Specifically, plan administrators are encouraged to include with the COBRA election notices additional information about the Marketplaces such as: how to obtain assistance with enrollment (including special enrollment), the availability of financial assistance, information about Marketplace websites and contact information, general information regarding particular products offered in the Marketplaces, and other information that may help qualified beneficiaries choose between COBRA and other coverage options. In addition, communications may include information that is specifically tailored to particular groups such as young adults aging out of dependent coverage on their parents’ health plan.

Employers should consider adding more detailed information about the availability of Marketplace coverage to assist COBRA qualified beneficiaries in making informed elections and understanding available options. For those using COBRA administration vendors, employers can request that additional Marketplace information be included with notices being sent to COBRA qualified beneficiaries.

For the FAQ, visit:

<https://www.dol.gov/ebsa/pdf/faq-aca-32.pdf>