



July 11, 2016

Marketplace Content Encouraged in COBRA Election Notice

A new Frequently Asked Question ([FAQ](#)), prepared jointly by the Departments of Labor (DOL), Health and Human Services (HHS), and the Treasury, clarifies that a group health plan administrator is allowed to include additional information about Affordable Care Act (ACA) Marketplace coverage in a Consolidated Omnibus Budget Reconciliation Act (COBRA) election notice.

Marketplace and COBRA Background

The Health Insurance Marketplace is designed to ensure that individuals have access to affordable coverage through a competitive private health insurance market. The Marketplace offers assistance to individuals in finding, comparing and enrolling in private health insurance options. Under the COBRA rules, employees and their families who are eligible for employer-sponsored coverage on the day before a qualifying event (such as termination of the covered employee's employment, divorce, or a dependent aging out of a plan, if the event causes a loss of coverage) may be able to elect COBRA continuation coverage upon experiencing a qualifying event. The group health plan must provide these "qualified beneficiaries" with a COBRA election notice that, among other things, describes their rights to COBRA and how to make a COBRA coverage election.

Marketplace As Health Coverage Alternative to COBRA

COBRA qualified beneficiaries may want to consider health coverage alternatives that are available through the Marketplace and compare them to COBRA coverage. The current model [DOL COBRA election notice](#) includes detailed information to help make qualified beneficiaries aware of other coverage options available in the Marketplace. As explained in the COBRA model notice, for certain qualified beneficiaries, coverage obtained through a Marketplace may be a less expensive healthcare coverage option than enrollment in COBRA. In many cases, individuals eligible for COBRA may find that Marketplace coverage is more affordable than COBRA, as they may be eligible for a premium tax credit (to help pay for some or all of the cost of coverage in plans offered through the Marketplace) and/or cost-sharing reductions (amounts that lower out-of-pocket costs for deductibles, coinsurance, and copayments).

COBRA Model Election May Include Additional Marketplace Content

The new [FAQ](#) clarifies that plan administrators may include in or along with the COBRA election notice other information about the Marketplace, 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

Marketplace, and other information that may help qualified beneficiaries choose between COBRA and other coverage options. The FAQ makes clear that plan administrators are encouraged to consider how they can help individuals maintain the coverage that would best suit their needs through these transitions. For example, COBRA election notices may be tailored to particular groups like young adults aging out of dependent coverage on their parents' health plan. In all cases, the COBRA election notice is required to be "easily understood by the average plan participant" and, therefore, information should not be too lengthy or difficult to understand.

Should you have questions regarding these rules, please contact your Conner Strong & Buckelew account representative. For a complete list of Legislative Updates issued by Conner Strong & Buckelew, please visit our online [Resource Center](#).



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877-861-3220



news@connerstrong.com



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