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## The Individual Mandate Initial Enrollment - Six Week Extension

The healthcare reform exchange Marketplace is now “open for business” and millions of users have visited the [healthcare.gov](http://healthcare.gov) website. Problems with the website sign-up process are widespread and well-known and many insiders suggest the agencies have a limited period of time to fix the site in time for individuals to be able to purchase insurance ahead of the January 1, 2014 implementation date. Due to the problems with the healthcare.gov website, there is a growing call for a delay of the “individual mandate.” Without a delay, coverage elections in the Marketplace would have to be made by no later than February 15, 2014 in order for the elected coverage to be effective in time to avoid the individual mandate penalty.

On Monday, the White House announced it is granting a [six-week extension](#), until March 31, for Americans to sign up for coverage in 2014 and avoid new tax penalties under the healthcare reform law. This Update provides background on the Marketplace initial enrollment periods and the individual mandate penalty under healthcare reform. For more information on the Marketplace initial, annual, and special enrollment election process and coverage effective dates, please see our legislative [Update](#).

*The Marketplace Initial Enrollment Process.* The initial Marketplace enrollment period started October 1, 2013 and is slated to end March 31, 2014. Generally, according to the [Federally Facilitated Marketplace Enrollment Operational Policy & Guidance](#), the rules provide that elected coverage begins prospectively based on the selection date.

- If an application is submitted by December 15, 2013, coverage will begin January 1, 2014.
- If an application is submitted by the 15th day of January, February or March, coverage will begin the first of the following month (for a plan selected February 9, 2014, coverage begins March 1, 2014).
- For applications received between the 16th day and the last day of any month between December 2013 and March 31, 2014, coverage is effective the 1st of the second month (for a plan selected March 17, 2014, coverage begins May 1, 2014).

*Americans Subject to Individual Mandate.* Healthcare reform’s individual mandate, also scheduled to take effect January 2014, requires that nearly all Americans carry health insurance or pay a tax. Individuals must purchase insurance coverage in 2014 to avoid the mandate penalty of \$95 per adult (\$285 per family) or 1% of family income, whichever is greater. The availability of the Marketplace is intended to help Americans comply with this mandate, but many have worried that problems with the website sign-on process may prevent timely enrollment. Under the healthcare

law and according to the [FAQs](#) issued on the individual mandate, starting January 1, if someone does not have insurance for at least one day in three separate months (January, February, and March for example) then the IRS will assess the individual mandate fine. So, even though someone might purchase a Marketplace plan on March 1, that plan might not take effect until April 1, meaning he or she would have been uninsured for three months of 2014, and would be subject to the individual mandate fine. Thus, according to the guidance, the real deadline for buying health insurance through the Marketplace is February 15, not March 31 (i.e., for a plan selected by February 15, coverage will begin March 1).

*Six-Week Delay.* Notwithstanding the initial enrollment period and coverage gap rules clearly described in the guidance noted above, the Department of Health and Human Services (HHS) released an [FAQ](#) providing that the individual mandate penalty would not be enforced against individuals who buy insurance through the Marketplace from February 16th until March 31st, even if the policy is not in effect by March 31. The extension is for 2014 only. This guidance was expected since the White House spokesman recently promised quick action to resolve a "disconnect" between the actual and effective deadlines as set forth in the rules.

While the announcement is welcome news, many wonder if a mere six weeks of additional time will be enough to get healthcare.gov functioning correctly.

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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