

## Department of Labor (“DOL”) Issues New Guidance on the Health Insurance Marketplace and COBRA

### *COBRA Eligible Workers May Be Better Off in the Marketplace*

#### *New COBRA Notices Available*

The Department of Labor (“DOL”) has issued new guidance on the interaction of the Affordable Care Act (“ACA”), the Health Insurance Marketplace (“Marketplace”) and the Consolidated Omnibus Budget Reconciliation Act (“COBRA”). Under COBRA, individuals who lose employer-provided group health coverage because of a qualifying event (such as termination of employment) may be eligible for coverage continuation. COBRA requires that notices be delivered to employees both when they become eligible for health insurance coverage, and again when they have a qualifying event and lose coverage. Because the new marketplaces may offer less expensive coverage to affected individuals, DOL has designed new notices and guidance. The guidance provides additional information on how the COBRA rules mesh with the Marketplace, describes enrollment rights for Marketplace coverage and provides new model notices that reflect that the Marketplace is now open. The model notices include a new general COBRA notice and a new model election COBRA notice. Notices can be found at [www.dol.gov/ebsa/cobra.html](http://www.dol.gov/ebsa/cobra.html).

DOL Frequently Asked Questions issued with this new guidance advise that individuals who qualify for COBRA continuation coverage (known as qualified beneficiaries) may want to compare coverage options under COBRA to the coverage that is generally available in the Marketplace. Qualified beneficiaries may be eligible for a premium tax credit (which could help to pay for some or all of the cost of coverage in plans offered through the Marketplace) and for cost-sharing reductions (which would lower out-of-pocket costs for deductibles, coinsurance and copayments). Qualified beneficiaries may find that Marketplace coverage is more affordable than COBRA continuation coverage.

Remember that the period of time after a qualifying event during which a qualified beneficiary can elect coverage in the Marketplace is limited to a special enrollment period of 60 days. Once an election for coverage in a Marketplace plan has been made, individuals cannot switch back to COBRA. Marketplace coverage is prospective only. If a COBRA continuation coverage election is made, individuals can switch to coverage under a Marketplace plan during the Marketplace’s open enrollment period. However, problems can arise if the qualified beneficiary does not consider the various enrollment windows carefully.

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If you have any questions about the issues addressed here, or any other matters involving Labor and Employment issues, please feel free to contact:

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