

Special Market Place Open Enrollment Ends July 1, 2014

Individuals enrolled in or eligible for Consolidated Omnibus Budget Reconciliation Act (COBRA) continuation coverage have a new special enrollment period to sign up for qualified health plan (QHP) coverage through the marketplace.

Last month, the [Department of Labor \(DOL\)](#) released a new model COBRA notice. The new notice makes it clear that individuals may have other, more affordable health coverage options available to them through the marketplace or through another group health plan for which the person is eligible (for example, a spouse's group insurance plan). Concerned that the former COBRA election notice did not adequately address marketplace alternatives to COBRA, the [Department of Health and Human Services \(HHS\)](#) provided a new special enrollment period to allow persons eligible for or enrolled in COBRA to choose a QHP in the marketplace.

The new special enrollment period ends on July 1, 2014.

It's good news for COBRA beneficiaries whose benefits generally end after 18 months. The new enrollment period gives them the opportunity to shop for a QHP that may be more affordable especially if the beneficiary is eligible for a premium assistance subsidy. And, unlike COBRA coverage, a QHP has no expiration date if premiums are paid on time.

But there are a couple of pitfalls.

The new enrollment period only applies to federally facilitated marketplaces. State-run marketplace are encouraged, but not required, to adopt similar special enrollment periods. [Kaiser Family Foundation](#) provides a list of the 27 states with federally facilitated marketplaces.

COBRA beneficiaries need to pay attention to enrollment deadlines in order to avoid a gap in coverage. Qualified Health Plan coverage is prospective, unlike COBRA coverage. To have coverage effective the first of the following month in a QHP, an applicant must enroll by the 15th of the prior month. Since the enrollment process requires several steps, it's advisable to start the process well in advance of the 15th of the month.

What responsibilities do employers have with regard to the new special enrollment period for persons eligible for or enrolled in COBRA?

Employers that outsource COBRA administration should check with their vendors to ensure that the vendor is using the model general and election notices published on the EBSA website on May 2, 2014.

Employers that self-administer COBRA are not required to use the model notices; however, using the model notices satisfies COBRA notice requirements.

Additionally, employers may want to consider a targeted communication to current employees, recently terminated employees and COBRA beneficiaries advising them of the new special enrollment period.

Note: all links are active as of the date of issuance of this ErisaALERT.

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