

TO: Rules and Regulations Review Board Committee, Connect for Health Colorado

FROM: Kyla Hoskins, Policy Analyst, Connect for Health Colorado

DATE: July 22, 2013

RE: Update: Delay of Validating Employer Sponsored Coverage and the Employer Shared Responsibility Requirement

On July 5, CMS finalized a rule on eligibility and enrollment procedures for Medicaid and marketplaces. CMS deferred decisions on a number of provisions from the proposed rule and delayed or clarified implementation of other requirements. This memo provides key provisions from the rule related to validating employer-sponsored coverage. It also highlights the federal delay of the employer shared responsibility requirement.

Validating Employer-Sponsored Coverage¹

- The rule establishes a multi-step process to verify enrollment in an employer-sponsored plan or eligibility for qualified coverage in such a plan, beginning for the 2015 plan year.
- For eligibility determinations for APTC and CSR before January 1, 2015, if the Marketplace does not have any of the sources of data discussed in the final rule, the Marketplace may accept an applicant's attestation regarding enrollment in and/or eligibility for an employer-sponsored plan without further verification.

Initially, the federal government had told state-based marketplaces that it would monitor applicant claims that attested to not being enrolled in or eligible for employer-sponsored insurance. The rule specifies that the systems needed to do this monitoring will not be ready for October 1, 2013. In addition, the rule does not require state-based marketplaces to do this verification on their own until 2015.

Given the delay of the employer responsibility requirement, the final rule allows marketplace applicants to be enrolled in coverage quickly and efficiently while attempting to avoid inappropriate subsidy payments.

Employer Shared Responsibility Delay²

On July 2, the United States Treasury Department announced that it would delay the health care reform's employer shared responsibility penalties and reporting requirements until 2015.

¹ K. Brantley (personal communication, July 9, 2013)

² Ibid.

The announcement was made via blog posting. The next step is for the administration to provide formal notice and more details via sub-regulatory guidance very shortly. The administration intends to issue streamlined reporting regulations later this summer.

The delay of the reporting requirements removes an immediate administrative burden on health insurance plans and large firms. The decision is not expected to have a major impact on insurance coverage in 2014 and does not represent a significant barrier to successful implementation in 2014.