



Julie Athey, J.D.

**Director of Compliance –
Benefits & HR**



**Marisa Hamm-
Malanowski, J.D.**

**Compliance Specialist –
Benefits & HR**

Julie and Marisa assist with a variety of compliance issues related to employee benefits and the ACA, ERISA and other federal and state regulations.

May 2015

© 2015 The Miller Group,
All rights reserved.

Exchange Coverage as an Alternative to COBRA: A Win-Win for Your Employees and You

Meet Bob, an employee of ABC Corporation who – along with his wife and children – has coverage under the company’s group health plan. Bob’s position has just been eliminated, and his health coverage will terminate at the end of the month. As a result, he needs to make a decision: Where should he and his family turn for health insurance now that they are no longer eligible for coverage under ABC’s plan?

COBRA Coverage

Historically, the only option for Bob would have been COBRA coverage – which, among other things, gives covered employees, their spouses, and their dependent children a chance to continue their group health coverage when they would otherwise lose it due to certain “qualifying events,” including job loss. When an employee or family member elects COBRA, they stay on the employer’s plan but must pay the full premium (plus a two percent administrative charge).

Most employers subsidize the cost of employee health coverage by paying anywhere from 70 to 100 percent of the employee-only premium. An employee like Bob – who was used to paying only the portion of his insurance coverage that was not subsidized by ABC – could experience sticker shock when his monthly premium for self-only coverage jumps from \$50 or \$150 to \$400, \$600, or beyond.

Exchange Coverage

With the advent of the ACA, however, coverage through the Exchanges operated by the federal government and some states may provide a more affordable option. When an employee, spouse, or dependent loses employer-sponsored health coverage, it qualifies them for a special enrollment period, during which they can enroll in coverage on the Exchange outside of its year-end open enrollment. With individual plans starting as low as \$168.00 a month for a 28 year old in Jackson County, Missouri (even without subsidies!),

there's a good chance that the monthly premium will be lower than COBRA coverage.

Additionally, because many people who have traditionally elected COBRA coverage have been high-cost, high-utilization individuals, employers may also benefit in the form of reduced claims and lessened administrative burdens.

Helping You and Your Employees Win

As a free service to our clients, The Miller Group has partnered with Canopy, a local firm that specializes in helping people navigate the individual insurance market and evaluate the coverage options that are available to them. Canopy will help your employees and their family members compare coverage under COBRA and the Exchange and select the plan that best meets their needs. In many cases, this can result in savings to both the employee and to you.

If you would like to learn more about the partnership between The Miller Group and Canopy, or if you have an employee who needs help now, please reach out to your Account Executive. We – and the good folks over at Canopy – are here to help!

Additional Resources:

Contact The Miller Group's compliance staff juliea@millercares.com and marisam@millercares.com for an additional resource you can share with your employees when they or a family member lose coverage under an employer-sponsored plan.

May 2015

© 2015 The Miller Group,

All rights reserved.