



# Employer Notice of Employee Coverage Quick Guide

## Overview

Covered California will send a [notice](#) to the employers of those consumers who provided contact information in the application. The notice is to inform employers that they may have employees who reported that their employer has not offered **affordable, minimum standard value**<sup>1</sup> coverage and that the employee has enrolled into a Covered California health plan (referred to in the notice as a Qualified Health Plan) **and** is receiving Advanced Premium Tax Credit (APTC).

## Why is Covered California noticing Employers?

In the event that an employee of an Applicable Large Employer (ALE with over 50 applicable full-time equivalent employees) enrolls in health insurance via a federal or state exchange and receives APTC, the employer is being notified that they may be subject to **the employer shared responsibility**<sup>2</sup> payment during tax time.

The **Employer Shared Responsibility Provision** of the ACA requires all ALEs to provide affordable, minimum standard value coverage to their employee and dependents (definition of dependents does not include spouses).

## What You Should Know

In the event that a consumer disagrees with their employer being notified:

- 1) Per the Affordable Care Act, ALEs have to be made aware of employees that sign up for coverage via an exchange and advised that this can result in a penalty via an employer shared responsibility payment.
- 2) The information that a consumer provides in Attachment C (paper application) or in the Personal Data section (online application) is attested to by the consumer via signature, or verbal agreement during the application process. The information has to be confirmed as it can have monetary consequences for their employer.

In the event that the employer disagrees with the information in the letter they receive:

- 1) Employers can appeal the determination that they did not provide affordable, minimum value coverage to their employees (and their dependents) by filing an appeal with the U.S. Department of Health and Human Services (HHS) within 90 days of the date of the notice received. The HHS will then consider evidence provided by both employee and employer to determine the outcome.
  - If it is also determined that employees (and dependents) were offered affordable, minimum value standard coverage by the Employer, then the employee will be subject to reconciliation of the APTC they received without penalization of the Employer.

**Please Note: Filing an appeal does not necessarily absolve the employer from the Employer Shared Responsibility Payment to the IRS. This determination is reserved solely for the IRS.**



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### Definitions

#### ***Employer-Sponsored Insurance (ESI) Affordability Standard***

ESI is considered "affordable" if the employee's contribution for self-only coverage does not exceed a specified percentage of the employee's household income (9.56 percent in 2018 and 9.86 percent on 2019). IRS updates this percentage annually.

#### ***Minimum Value Standard***

Minimum value standard coverage is considered to provide "minimum value" if the plan covers at least, on average, 60 percent of an employee's medical expenses (at least equivalent to a bronze plan).

#### ***Employer Shared Responsibility***

The ACA's employer mandate to provide health care is known as the "employer shared responsibility" provision. It is the monies paid to the IRS by an employer in the event that an employee is covered via an exchange with APTC and the employer didn't offer a minimum standard coverage option for the employee and their dependents.

#### ***Affordability and Minimum Value Effect on Employee Eligibility for Covered California***

If an employer does not provide a plan that meets the affordability limits and minimum value requirements, the employee can shop for insurance through Covered California and may qualify for APTC/CSR.

#### ***Resources:***

- To learn more about the employer shared responsibility provisions, visit [IRS.gov/aca](https://www.irs.gov/aca). You can also contact the IRS at 1-800-829-4933, Monday – Friday, 7 a.m. – 4 p.m. The call is free.
- To access 'Questions & Answers' prepared by the **Internal Revenue Service**: <https://www.irs.gov/affordable-care-act/employers/questions-and-answers-on-employer-shared-responsibility-provisions-under-the-affordable-care-act>
- Employers can also call the **Marketplace Appeals Center** at (855) 231-1751 if they wish to file an appeal or have questions. They are open Monday-Friday 4:00 AM to 5:30 PM PT.
- For more information about the employer appeal process and to download the employer appeal request form, visit <https://www.healthcare.gov/marketplace-appeals/employer-appeals/>. Employers can mail the completed form to:

Health Insurance Marketplace  
Department of Health and Human Services  
465 Industrial Blvd.  
London, KY 40750-0061