



Employer Notice of Employee Coverage for Certified Enrollers Quick Guide

Overview

Covered California sends a notice (CCAN07a) to the employers of consumers who reported that their employer has not offered affordable, minimum value standard coverage and that the employee has enrolled into a Covered California health insurance plan (referred to in the notice as a Qualified Health Plan) and is receiving financial help.

See [Sample of Employer Notice \(CCAN07a\)](#) for more detailed information.

Why is Covered California Noticing Employers?

If an employee of an Applicable Large Employer (ALE) enrolls in health insurance via a federal or state health insurance marketplace and receives financial help, the employer is being notified that they may be subject to employer shared responsibility payment during tax time.

The Employer Shared Responsibility Provision of the Affordable Care Act (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

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 financial help.

If a consumer disagrees with their employer being notified:

- ALEs must be made aware of employees that sign up for coverage via a health insurance marketplace and advised that this can result in a penalty via an employer shared responsibility payment.
- The information that an enrollee provides in Attachment C (paper application) or in the *Personal Data* section (online application) is attested to by the enrollee via signature, or verbal agreement during the application process. The information must be confirmed as it can have monetary consequences for their employer.

If the employer disagrees with the information in the letter they receive:

- 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 the employee and employer to determine the outcome.



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- 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 financial help they received without penalty of the employer.

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

Definitions

Term	Definition
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. 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 if an employee is covered via an exchange with financial help, and the employer didn't offer a minimum standard coverage option for the employee and their dependents.
Applicable Large Employer	An employer with an average of at least 50 full-time employees.

Resources

Employers can review or contact the following resources for more information:

Topic	Organization and Contact Information
Employer Shared Responsibility Provision Information	Internal Revenue Service (IRS) • Phone: (800) 829-4933 ○ Monday-Friday, 7:00 a.m. to 4 p.m. PST



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Topic	Organization and Contact Information
	• Website: visit https://www.irs.gov/affordable-care-act
ACA Tax Provision Questions and Answers	Internal Revenue Service (IRS) • Website: https://www.irs.gov/affordable-care-act/affordable-care-act-tax-provisions-questions-and-answers
Employer Appeal Process Information	Marketplace Appeals Center • Phone: (855) 231-1751 ○ Monday-Friday 4:00 a.m. to 5:30 p.m. PST. • Website: https://www.healthcare.gov/marketplace-appeals/employer-appeals/ (to download an employer appeal request form) • Mailing Address (for employer appeal forms): ○ Health Insurance Marketplace Attn: Appeals 465 Industrial Blvd. London, KY 40750-0061



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Sample of Employer Notice



Covered California
PO BOX 989725
West Sacramento, CA 95798-9725

{EMPLOYER_NAME}
ATTN: Human Resources
{ADDRESS_LINE1}
{ADDRESS_LINE2}
{CITY}, {STATE_CD} {ZIPCODE}



Your employee has health insurance through Covered California and you may have to pay a penalty

{Notice Date}

Dear Human Resources Manager:

If your business has fewer than 50 full-time or full-time-equivalent employees, you may disregard this notice.

Your Employees

Our records show that one or more of your employees are enrolled in a qualified health plan with Advance Premium Tax Credit through Covered California. The Affordable Care Act (ACA) requires Applicable Large Employers to offer their full-time employees an employer-sponsored health insurance plan. The offer of health insurance must also cover the employee's dependent children and meet the ACA's affordability and minimum value standards.

Avoid Penalties

If your business is an Applicable Large Employer with at least 50 full-time or full-time-equivalent employees, you may be subject to the ACA's Employer Shared Responsibility (ESR) penalty (Internal Revenue Code § 4980H).

You may also be considered an Applicable Large Employers if you employ part-time employees and the total hours of all your employees equal 50 or more full-time-equivalent employees. The IRS defines a full-time employee as someone who averages at least 30 hours per week or 130 hours per month. **Only the Internal Revenue Service (IRS)** can decide whether an employer will owe an ESR penalty.

The IRS may decide that {Employer Name} is subject to an ESR penalty if:

- They are an Applicable Large Employer, **and**
- An employee on the attached list is determined to be a full-time or full-time-equivalent employee, **and**
- The employee is enrolled in a Covered California plan with Premium Tax Credit or Cost-Sharing Reduction to reduce health insurance premiums or other health care costs, **and**
- The employee was not offered employer-sponsored health coverage, **or**
- The health coverage offered does not meet the ACA's affordability and minimum value standards for any month during {coverage_year}.



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Learn More

- ACA's Employer Shared Responsibility provisions for employers:
<https://www.irs.gov/affordable-care-act/employers>
- Determining if an Employer is an Applicable Large Employer:
<https://www.irs.gov/affordable-care-act/employers/determining-if-an-employer-is-an-applicable-large-employer>
- ACA's affordability and minimum value standards:
<https://www.irs.gov/affordable-care-act/employers/minimum-value-and-affordability>
- Employer Shared Responsibility questions and answers:
<https://www.irs.gov/affordable-care-act/employers/questions-and-answers-on-employer-shared-responsibility-provisions-under-the-affordable-care-act>

Your Employees' Rights

The ACA prohibits discrimination against employees enrolled in a Covered California health plan with APTC. Employees who are subject to retaliation by their employer may file a complaint with the Occupational Safety and Health Administration (OSHA). (See 29 USC § 218c and 29 CFR §§ 1984.102 and 1984.103).

Your Rights

You have the right to appeal if you believe there has been a mistake with your employee's eligibility for APTC because you offer employer-sponsored health insurance. The health coverage must meet the ACA's affordability and minimum value standards. You can file an appeal with the U.S. Department of Health and Human Services (HHS) within 90 days from the date of this notice. If you file an appeal, HHS will consider evidence provided by you and your employee to decide if the employee is eligible for APTC.

Filing an appeal may not change your ESR payment penalty. **Only the IRS can decide whether you are subject to a penalty.**

More Information

For more information about the employer appeal process or to download an appeal request form, visit: www.healthcare.gov/marketplace-appeals/employer-appeals/.

Mail or fax the completed form to:

Health Insurance Marketplace
Attn: Appeals
465 Industrial Blvd.
London, KY 40750-0061
Secure fax: 1-877-369-0131

How to Get Help

For appeal questions, call the Marketplace Appeals Center at **1-855-231-1751**, Monday – Friday, 9:00 a.m. – 7:00 p.m. ET.

Thank you,

Covered California

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Employee List

Employee Name	Employee Date of Birth
{Employee Name}	{Employee DOB}
{Employee Name}	{Employee DOB}
*Table will expand to hold multiple employee names.	

This notice was sent to you in compliance with the Affordable Care Act:
California Code of Regulations, Title 10, § 6476(l); 45 Code of Federal Regulations, §155.310(h)