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## Background

Many consumers will find the relationship between Medicaid, the marketplace, and employer-sponsored insurance (ESI) to be more complicated than ever in 2023 as the unwinding of the continuous coverage requirement begins. Roughly **18 million** people are expected to lose Medicaid coverage. Of those, about one million are expected to enroll in the marketplace, most with assistance from a premium tax credit (PTC), and an additional 1.5 million people who are likely to be eligible for a PTC will become uninsured. But an even greater number—9.5 million—are expected to enroll in ESI. At the same time, the recent fix of the “family glitch” in 2023 and beyond could bring nearly **one million** people, most of whom are currently enrolled in ESI, into more affordable marketplace coverage. This “perfect storm” of dynamic coverage policy will be hard for consumers to navigate and could cause them to miss the chance to enroll in their most affordable coverage offer or, in the confusion, lead them to become uninsured. The federal government, state Medicaid agencies, state-based marketplaces (SBMs), labor departments, and employers can play critical roles in helping people understand and navigate their coverage options.

## Why Educate People Exiting Medicaid about ESI?

Much of the focus of Medicaid unwinding planning in states and the federal government has been on helping eligible people keep Medicaid coverage and steering the millions of people losing Medicaid eligibility toward the health insurance marketplace. These activities are critical to maintaining the coverage gains that occurred during the Families First Coronavirus Response Act (FFCRA) Medicaid continuous coverage requirement, and some states are implementing **innovative** policies in their Medicaid agencies and SBMs to support coverage retention and marketplace transitions.

Less attention has been devoted to the millions of people who are expected to be eligible for ESI when their Medicaid coverage ends. Many people who enrolled in Medicaid during the continuous coverage requirement did so due to **job loss** and now might have regained employment, in some cases with ESI benefits. While some Medicaid enrollees will have enrolled in their employer’s plan, others might not have, given their enrollment in Medicaid. For those people losing Medicaid who have an ESI offer—particularly those with lower incomes, who are much less likely to have that offer be affordable, **as explained in a new SHVS brief**—marketplace coverage will be their most affordable option.

But those who have an affordable ESI offer are ineligible for financial help in the marketplace. When they leave Medicaid and are directed to the marketplace, they will be denied an advance premium tax credit (APTC), creating frustration or confusion that could lead them to become uninsured. And if they mistakenly enroll in the marketplace with an APTC, despite an affordable employer offer, they could need to repay their credit when they file their taxes. People also might be confused about their eligibility to enroll in ESI outside of their employer’s annual open enrollment period. This array of scenarios makes it challenging for state Medicaid agencies, marketplaces, and other stakeholders to determine the precise messages that will help consumers identify their coverage options, understand the complex cost dynamics of each avenue, and find the pathway to the most affordable coverage.

### Promoting the Family Glitch Fix

*While millions of people will be entering ESI as their only affordable coverage option, some people would be better off leaving the employer market. A **new rule** to fix the family glitch makes more people for whom ESI is unaffordable eligible for PTCs. The new family glitch fix is expected to shift roughly one million people, the majority of whom are currently enrolled in ESI, into the marketplace. Previously, an offer of affordable coverage for an employee barred both the employee and their family members from receiving a PTC, irrespective of the cost of family coverage through the ESI offer. Starting with the 2023 plan year, a family coverage offer will be measured by its own affordability, independent of the employee’s cost of coverage. This means that an unaffordable offer of family coverage (one that costs more than 9.12% of household income) will allow the employee’s family members to receive a PTC.*

## Considerations and Potential Strategies for States

People can benefit from education about the interactions between Medicaid, the marketplace, and ESI. This should be done by balancing multiple factors: on one hand, many employees have affordable ESI offers that make them ineligible for a PTC; and, at the same time, others will benefit from applying for marketplace coverage because it might be their most affordable option. State Medicaid agencies and marketplaces can consider several strategies to facilitate consumer understanding of and access to the most affordable coverage option available to them:

- **Review and improve Medicaid termination notices.** Medicaid termination notices need to concisely convey information on the basis for the eligibility determination, as well as where else the consumer can go for coverage. While referring people to the marketplace remains a priority, Medicaid agencies should weigh whether termination notices should reference the possibility of ESI eligibility. For some people, it might be their most affordable option; for those for whom it is not, asking an employer about their ESI offer could help them gather the employer premium information the marketplace will ask for if they apply. Educating people about the possibility of ESI eligibility might be particularly relevant for cohorts of employed people enrolled in Medicaid at the end of the continuous coverage requirement whom the Medicaid agency knows or suspects have access to ESI (e.g., through change reporting or income data checks that suggest an individual has a salaried job with an employer that is known to offer ESI). The notice could include information to alert consumers that “time is of the essence” — and that in many cases they must complete the application process with their employers OR the marketplace within 60 days of losing their Medicaid or Children’s Health Insurance Program (CHIP) coverage. A 60-day ESI special enrollment period (SEP) is guaranteed by [HIPAA](#), in contrast to the 30-day SEP common when encountering other life changes. Marketplaces also generally have 60-day SEPs for life changes, like loss of other coverage. (A proposal in the [2024 Notice of Benefit and Payment Parameters](#) would allow marketplaces to extend their enrollment window to 90 days for people losing Medicaid or CHIP coverage.)
- **Modify marketplace eligibility determination notices, help text, and website content.** Marketplace determination notices should give additional explanation about the potential availability of ESI when people are denied financial assistance on the basis of that offer versus giving a flat denial. These notices could be improved by adding a message to contact their employers about the availability of affordable ESI within 60 days of losing Medicaid or CHIP. To the extent application help text or a landing page with frequently asked questions are used to explain these rules or decipher these notices, this language could be updated to give people ineligible for financial assistance additional information on their ability to enroll in ESI.
- **Train enrollment assisters and brokers.** Navigators, other community enrollment assisters, and brokers encounter people with job-based coverage offers, and it is important to make sure they understand these complicated interactions. First, they can let applicants know that their family may be newly eligible for financial assistance in the marketplace due to the family glitch fix, even if they have been denied before or if the employee is not eligible. For those who are denied an APTC due to having an affordable ESI offer, Navigators, assisters, and brokers can inform employees that job-based coverage might be available, even outside their employer’s open enrollment period, but that enrollment is time-limited. In these cases, they can give consumers detailed information about how to learn more about their ESI.

Application assisters should also be prepared to walk families through the complicated choices that people with ESI offers must be prepared to make when weighing enrollment in the marketplace, especially when some members of the family are eligible for financial assistance and others are not. Beyond premiums, enrollment assisters will need to walk clients through comparisons of deductibles, networks, and benefits, and the comparative value of having the whole family in one marketplace plan (with the employee unsubsidized if they have an affordable offer of ESI) versus splitting the family between ESI and marketplace coverage, in which case the family could pay up to 9.12% of income for employer-sponsored coverage plus as high as 8.5% of income in the marketplace. Families that choose to enroll their family in one plan, with the employee unsubsidized, could face a new cost hurdle: the family will lose any federal cost-sharing reduction they might otherwise have been eligible for. This situation has been rare in the past but will be more common with the introduction of the family glitch fix.

- **Make call center staff aware of ESI offers.** People might contact Medicaid or marketplace call centers to understand their coverage options after Medicaid termination or to ask why they were denied Medicaid or an APTC. Call center staff should have the knowledge and scripts to reinforce that ESI might be an option, but that people have limited time to enroll. Like assisters, they should be able to communicate these complicated policy options, or potentially refer people to Navigators for more individualized assistance.
- **Update the employer coverage tool.** HealthCare.gov and SBMs typically have employer coverage downloadable tools to help employees collect premium information from their employers. To date, these forms have only asked about the share of employee-only premiums for ESI, since the premium cost of family coverage has been irrelevant to the PTC determination. HealthCare.gov recently **updated** the form to collect this additional information, and SBMs can do the same. This helps people complete those fields in their marketplace application to determine their eligibility for financial assistance in light of the family glitch, but it also gives the employee an opportunity to learn more about their employer offer, in case they are ineligible for an APTC. Marketplaces can also create online tools that consumers can use to project their eligibility for financial assistance based on the cost of their employer coverage, such as the online Consumers' Checkbook tools used by **Oregon** and **Maine**.
- **Collaborate with departments of labor.** Messaging to employers could be beneficial, and labor departments have the most direct inroads to spearhead that communication. Employers might be unaware of and unprepared for the wave of employees potentially losing Medicaid eligibility and seeking to enroll in coverage at work. Labor departments can also reinforce with employers that workers leaving Medicaid have 60 days to enroll in ESI, not the 30 days common among other special enrollment periods. A state's department of insurance could also be helpful in reminding insurance carriers who offer group plans about the extended special enrollment period for people leaving Medicaid or CHIP.

The United States Department of Labor (DOL) could take this opportunity to update its **notice** on Affordable Care Act options that all employers must give their new employees, which is currently under review. This notice lets employees know about the existence of the marketplace and whether they have an offer of coverage; at the option of the employer, employers can include the premium for self-only coverage. This form could be improved by requiring employers to state their premiums, not just for the employee but for family members as well, to avoid employees needing to ask employers to complete a separate (also voluntary) marketplace form to get premium information. The DOL could also develop a template letter that employers could use to inform their employees of the potential availability of marketplace subsidies for their family members.

- **Leverage relationships with local business partners.** SBMs, their Navigators and enrollment assisters, and brokers often have relationships with the employer community. Reaching out to human resources offices, the small business community, and others in the employer community to make them aware of the potential influx of people formerly in Medicaid could help smooth the transition for new enrollees.

## Conclusion

The interaction between different types of coverage creates complexities that the typical consumer will find hard to navigate. State Medicaid agencies, federal and state agencies, and SBMs have an opportunity and imperative to be prepared to educate consumers on the implications and opportunities of each coverage offer, and how to access the coverage option that is best for them.

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Health is more than an absence of disease. It is a state of physical, mental, and emotional wellbeing. It reflects what takes place in our communities, where we live and work, where our children learn and play, and where we gather to worship. That is why RWJF focuses on identifying, illuminating, and addressing the barriers to health caused by structural racism and other forms of discrimination, including sexism, ableism, and prejudice based on sexual orientation.

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