

FAQ

Transitioning from Medicaid to Employer-Sponsored Insurance

Beginning in April 2023, for the first time since early 2020, states can terminate Medicaid for people they have determined are no longer eligible. People enrolled in Medicaid may be required to submit current information about their household and income to stay enrolled in Medicaid.

Normally, the state Medicaid agency requires enrollees to renew their coverage annually. But when the pandemic began in early 2020, Congress enacted laws to help people get through the crisis. One of those laws prohibited states from terminating most people's Medicaid coverage, so states have not been requiring enrollees to go through the annual renewal process and update their eligibility information. This policy ended effective March 31, 2023.

This FAQ focuses on helping people who lose Medicaid transition to employer-sponsored insurance. For more information about the Medicaid renewal process and how to help people keep their Medicaid coverage during the unwinding process, see [FAQ: Unwinding Medicaid Continuous Coverage](#) and [Tips for Community Partners](#).

1

What steps should a person take if they have an offer of employer-sponsored health insurance?

If a person loses Medicaid coverage and has an offer of employer-sponsored insurance, they should contact their employer's human resources department, employee benefits administrator, or union immediately for assistance. The employee should:

- ▷ Ask if their employer provides employer-sponsored insurance, and if so, whether they are eligible for this benefit.
- ▷ Ask their employer to tell them the least expensive annual premium for self-only health insurance and the least expensive annual premium for family coverage. If the offer of employer-sponsored insurance is considered unaffordable (greater than 9.12 percent of the employee's household income in 2023), the person may be eligible for the premium tax credit (PTC), which lowers the cost of marketplace coverage.
- ▷ Be prepared to show documentation that includes the date their Medicaid coverage ended. Employers will not be notified if or when one of their employees loses Medicaid or CHIP coverage; employees must take action to learn about their employer-sponsored insurance options and enroll.

2

When can eligible employees enroll in employer-sponsored insurance?

Losing Medicaid or CHIP triggers a 60-day special enrollment period for employer-sponsored insurance. Under federal law, group health plans must provide at least [60 days](#) for the employee or their dependents to enroll in coverage after losing Medicaid or CHIP coverage.

There is a special exception for employees and their dependents who are eligible for a group health plan offered by an employer and who lose Medicaid or CHIP on or before July 10, 2023. These individuals have until at least September 8, 2023 to enroll in their employer plan.

3

For people who enroll in employer-sponsored insurance during a special enrollment period, when will their coverage start?

Coverage should begin no later than the first day of the month following the request to enroll in the plan.

4

What happens if someone misses the deadline to enroll in employer-sponsored insurance?

The person will need to wait until their employer's next open enrollment period to enroll in employer-sponsored insurance. They may still be able to enroll in a marketplace plan, but if their employer-sponsored insurance was considered affordable, they will not be eligible for the PTC.

5

In some states, Medicaid helps pay premiums for low-income people who have employer-sponsored insurance. What happens if a person loses eligibility for this assistance?

If a person is no longer eligible for Medicaid-funded premium assistance, they may have to pay more to stay on their employer-sponsored insurance. If the amount they are required to pay for employer-sponsored insurance is considered unaffordable (more than 9.12% of household income in 2023), they could qualify for the PTC to lower the cost of marketplace coverage.

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Can a person enroll in a marketplace plan if they have an offer of employer-sponsored insurance? Will they be eligible for financial help?

A person with an offer of employer-sponsored insurance can choose to enroll in a marketplace plan. However, their eligibility for the PTC and other financial help depends on whether the coverage offered by their employer is considered [adequate and affordable](#):

- ▷ Employer-sponsored insurance is considered adequate if it covers at least 60 percent of the total cost of covered medical services for a set population.
- ▷ Employer-sponsored insurance is considered affordable to the employee if the employee's share of the premium for self-only coverage is less than or equal to 9.12 percent of the employee's household income in 2023. Employer-sponsored insurance is considered affordable to the employee's spouse and dependents if the employee's share of the premium for family coverage is less than or equal to 9.12 percent of the employee's household income in 2023.

If a person has an offer of employer-sponsored insurance that fails to meet either requirement, they may be eligible for PTC to purchase a marketplace plan.

Due to policy changes that took effect starting in the 2023 plan year, if a spouse or dependent of an employee does not have an offer of adequate, affordable employer coverage, they may be [newly eligible](#) for the PTC.

7

What happens if a person loses Medicaid and is not eligible for employer-sponsored insurance?

If a person does not have an offer of employer coverage, they should start a marketplace application or contact an enrollment assister to see if they are eligible for marketplace coverage. They can start an application for marketplace coverage by visiting HealthCare.gov or their [state-based marketplace website](#), or by calling 1-800-318-2596 (TTY: 1-855-889-4325).

In states that use HealthCare.gov, there will not be a prepopulated marketplace application for people who lose Medicaid coverage. People applying for marketplace coverage after losing Medicaid should start a new application on HealthCare.gov. People in states that do not use HealthCare.gov should check their state-based marketplace for more information about this process.

8

When can people who lose Medicaid during the unwinding enroll in marketplace coverage?

People who lose Medicaid coverage between March 31, 2023 and July 31, 2024 are eligible for a new, temporary special enrollment period, known as the [Unwinding SEP](#). This SEP is available in all states that use HealthCare.gov and is optional for state-based marketplaces. People who are eligible for the unwinding SEP can apply for marketplace coverage up to 60 days before losing Medicaid and any time between March 31, 2023 and July 31, 2024.

People can access the unwinding SEP on the HealthCare.gov application by answering “Yes” when asked whether their Medicaid coverage recently ended or will end soon. They will not need to show proof that they have lost Medicaid coverage.

After July 31, 2024, normal [SEP rules](#) will apply. People who lose Medicaid coverage will have 60 days before or following the loss of their coverage to enroll in a marketplace plan. A [new policy](#) takes effect January 1, 2024 in states that use HealthCare.gov that grants people who lose Medicaid 90 days following the loss of coverage to enroll in a marketplace plan.

People who lost Medicaid coverage before July 31, 2024, but were unable to enroll in marketplace coverage because they did not receive a timely notice of termination of Medicaid, may contact the marketplace Call Center at 1-800-318-2596 (TTY: 1-855-889-4325) to request an SEP, which will be granted on a case-by-case basis.

9

How long do people who are eligible for the Unwinding SEP have to choose a marketplace plan? When will their coverage begin?

Once a person submits or updates their marketplace application, they will have 60 days to choose a plan. Coverage will begin on the first of the month after plan selection.

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What if different members of a household are eligible for different types of health insurance?

It is possible that some people in the household will lose Medicaid coverage while others will not. For example, because the income limit for children in Medicaid is higher than the income limit for adults in Medicaid, some parents may lose eligibility for Medicaid even if their child remain eligible. In this circumstance, the child could stay on Medicaid even if their parents are enrolled in other types of coverage.

Because of a change in federal policy that went into effect in January 2023, some households with an offer of employer-sponsored insurance may have some family members who are eligible for the PTC and others who are not. This could happen if a person's employer offers employee-only coverage that meets the affordability standard, but offers family coverage that is not considered affordable. In this case, the employee would not be eligible for the PTC, but the other members of their tax household would. For more information about situations like this, see [FAQ: New Rule Eliminates the "Family Glitch."](#)
