

Supporting Statement – Part A
Minimum Essential Coverage
(CMS-10465)

A. Background

The Patient Protection and Affordable Care Act, Pub. L. 111-148, was enacted on March 23, 2010 and the Health Care and Education Reconciliation Act of 2010, Pub. L. 111-152, was enacted on March 30, 2010 (collectively known as the “Affordable Care Act”). The Affordable Care Act reorganizes, amends, and adds to the provisions of title XXVII of the Public Health Service Act (PHS Act) relating to group health plans and health insurance issuers in the group and individual markets.

Section 1501 of the Affordable Care Act adds section 5000A to the Internal Revenue Code (IRC), which requires that individuals maintain minimum essential coverage, qualify for an exemption, or make a shared responsibility payment with their federal income tax return. IRC section 5000A(f) designates certain types of coverage as minimum essential coverage. In addition, IRC section 5000A(f)(1)(E) directs the Secretary of Health and Human Services (HHS), in coordination with the Secretary of the Treasury, to recognize other health benefits coverage as minimum essential coverage for purposes of their enrollees satisfying the minimum coverage requirement. The final rule titled “Patient Protection and Affordable Care Act; Exchange Functions: Eligibility for Exemptions; Miscellaneous Minimum Essential Coverage Provisions” published July 1, 2013 (78 FR 39494) designates certain types of existing coverages as minimum essential coverage. Other coverages, not statutorily designated and not designated as minimum essential coverage in regulation, may be recognized as minimum essential coverage if certain substantive and procedural requirements are met.

B. Justification

1. **Need and Legal Basis**

The final rule specifically designates certain types of coverage that have not been designated in the statute, as minimum essential coverage. In addition, the final rule outlines a process by which other types of coverage can seek to be recognized as minimum essential coverage. To be recognized as minimum essential coverage, the coverage must offer substantially the same consumer protections as those enumerated in the Title I of Affordable Care Act relating to non-grandfathered, individual health insurance coverage to ensure consumers are receiving adequate coverage.

The final rule requires sponsors of other coverage that seek to have such coverage recognized as minimum essential coverage to adhere to certain procedures. They will have to submit to HHS electronically the following information: (1) name of the organization sponsoring the plan; (2) name and title of the individual who is authorized to make, and makes, this certification on behalf of the organization; (3) address of the individual named above; (4) phone number of the individual named above; (5) number of enrollees; (6) eligibility criteria; (7) cost sharing requirements, including deductible and out-of-pocket maximum; (8) essential health benefits covered; and (9) a certification that the plan substantially complies with the provisions of Title I of the Affordable Care Act applicable to

