

Common Health Insurance Terms Defined

Terminology	Short Definition & Resource
Affordable Care Act (ACA) or “Obamacare”	Passed in March 2010, it is a sweeping healthcare reform bill .
Affordable Coverage	Insurance provided needs to cost less than 9.5% of the employee’s household income . Your broker, PEO, and SHOP can help you make sure your choices are compliant.
Applicable Large Employers (ALEs)	Employers with over 50 FTEs required to provide health insurance per the ACA.
COBRA	Federal law that lets employees keep their health insurance benefits after termination or layoff for a certain amount of time, but employees have to pay 100% of the premium costs. If you provide insurance, you must provide COBRA paperwork upon termination.
Employer Shared Responsibility Payment (ESRP)	This is essentially the term used to describe employers with 50+ FTEs and their compliance with ACA.
Flexible Benefits Plan (aka Section 125 Cafeteria Plan)	This kind of plan allows employees to pick from a “menu” of benefits, like health insurance, life insurance, etc. Learn more by reading our article on Section 125 Cafeteria plans .
Fully-Insured Job-Based Plan	A health plan purchased by an employer from an insurance company.
Grandfathered Health Plan	A healthcare plan created before March 23rd, 2010 . These plans still must overcome certain hurdles to be compliant.
Open Enrollment (OE) Period	The general time frame when an employee can apply for insurance coverage. Your broker or PEO can help with annual OE dates.
Qualified Health Plan	A Qualified Health Plan means it is ACA compliant. It is also referred to as a plan that provides minimum essential coverage.
Summary of Benefits & Coverage	You must provide easy to read summaries of the health insurance plans and options you offer to your employees.
	Your broker or PEO will most likely provide these documents for you or help you create them.