

Common Health Insurance Terms Defined

| Terminology | Short Definition & Resource |
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| 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. |