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Key Facts You Need to Know About: Renewing Advance Premium Tax Credits for 2016 in the Federally-Facilitated Marketplace

Each open enrollment period, people receiving advance premium tax credits to help them pay for health coverage have to renew their eligibility. The following questions and answers provide information about how the Federally-Facilitated Marketplace will automatically renew eligibility for 2016 advance premium tax credits.

Do enrollees have to return to the marketplace to renew their eligibility for the advance premium tax credit?

In states that are using the Federally-Facilitated Marketplace (FFM), enrollees generally don't have to return to Healthcare.gov to renew their advance premium tax credit (APTC) eligibility, but it is highly recommended that they do so. Most people who don't provide updated information to renew their eligibility will be automatically enrolled into their current plan. The FFM will also recalculate their APTC based on the most recent income information that the FFM has for them, as well as updated benchmark plan premiums and poverty level thresholds. There are some people, however, who must return to Healthcare.gov and provide updated information to renew their APTC for 2016. The FFM will send notices to enrollees telling them whether they must return to Healthcare.gov to continue receiving the APTC.

How will the FFM determine whose APTC can be auto-renewed for 2016 and whose can't?

Before open enrollment, the FFM will check Internal Revenue Service (IRS) data and use information from enrollees' 2014 tax return to determine whether or not their APTC can be auto-renewed for 2016 if they don't come back to Healthcare.gov and update their information. The notices enrollees receive from the FFM will tell them whether they can be auto-renewed or whether they must return to Healthcare.gov.

As noted, most people will be able to auto-renew their APTC for 2016. However, a small number of enrollees will be notified that unless they return to the FFM to update their information, the FFM will automatically enroll them into the same or similar plan, but will discontinue their APTC for 2016. These include people who fall into any of the following groups:

- **Opt-Out Group.** Enrollees are placed in the opt-out group if they did not authorize the FFM to access their 2014 tax return information for the purpose of redetermining APTC eligibility. At the time of application, the FFM asks consumers to give the FFM consent to access their tax data for five years. A small number of enrollees who did not provide this consent must return to Healthcare.gov and provide



consent in order to continue receiving the APTC for 2016.

- **Did Not Reconcile Group.** This includes people who received APTCs in 2014 and did not file a 2014 tax return and reconcile their 2014 APTC. The ACA requires that people who receive APTCs file a tax return for the year in which they received APTCs. When people file their return, they must also reconcile the APTC amount they received against the final credit amount for which they are eligible. The FFM will discontinue APTCs in 2016 for enrollees who did not file a tax return and reconcile the APTC they received in 2014.
- **Special Notice Group.** People are placed into this group if they have 2014 tax income that is above 500 percent of the poverty line. These are people whom the FFM has identified as being at highest risk of having 2016 income that would make them ineligible for APTCs. They will receive a notice informing them that the FFM will discontinue their APTC in 2016 unless they return to Healthcare.gov and update their eligibility.

Individuals who fall into one of these groups will receive a notice saying that unless they take action, they will not receive APTCs in 2016 for one of the three reasons outlined above. However, the notice will not indicate which of the three situations applies to the consumer. When the enrollee returns to Healthcare.gov, he or she will need to go through the entire application to provide information the FFM needs to redetermine APTC eligibility for 2016.

When will people receive notices and what information will the notices contain?

Enrollees will receive two types of notices before open enrollment begins. The first will be a notice from their insurer which will include:

- Information about whether enrollees can be auto-enrolled into the same or a similar plan for 2016, and if so, any key changes to benefits and cost-sharing between the 2015 and 2016 plans
- Information about the 2016 plan's premium
- Information about other health coverage options
- Contact information for the consumer to call with questions
- An explanation of the requirement to report changes to the marketplace
- For people receiving APTCs, an explanation of the APTC reconciliation process
- For people receiving cost-sharing reductions (CSRs) but who are being auto-enrolled into a non-silver plan, an explanation that CSRs are only available if enrolled in a silver plan.

The FFM will also send a separate notice containing the following standard information:

- Description of the annual redetermination and re-enrollment process
- Reminder to report changes that might affect eligibility
- Key dates, including the last day enrollees can select a plan for coverage beginning January 1, and the last day of open enrollment
- A description of how eligibility for the APTC and CSRs will be redetermined if enrollees don't return to Healthcare.gov to update their information

All enrollees will receive the standard notice from the marketplace, but enrollees who fall into the opt out, did not reconcile, or special notice groups described above will receive additional notices telling them they need to return to Healthcare.gov and update their eligibility in order to continue receiving the APTC in 2016.



What will people in the “did not reconcile” group need to do to continue receiving tax credits for 2016?

People who receive a notice from the marketplace saying that they must file a 2014 tax return and reconcile the APTC they received for 2014 must do so and return to Healthcare.gov to update their eligibility during open enrollment. Since it will take some time for the IRS to process new tax filings, the FFM will not be able to immediately verify this information and will thus accept enrollees’ attestation that they filed a tax return and reconciled their 2014 APTC. However, the FFM will verify this information with the IRS at a later time.

How will the FFM recalculate 2016 APTC amounts for people who don’t update their eligibility?

For 2016, the FFM will recalculate the APTC by applying the updated federal poverty level (FPL) thresholds and benchmark premiums, and by using the most recent income information that is available to the FFM, and adjusting that income to 2016. The FFM has three sources of income that it can use to redetermine enrollees’ APTC eligibility, based on the following hierarchy:

- **Projected 2015 income, adjusted to 2016.** Enrollees who will have projected 2015 income that the FFM can use include those who returned to Healthcare.gov during the second open enrollment period to update their eligibility, newly applied for the APTC in 2015, or reported a change in income in 2015. If an enrollees’ projected 2015 income, adjusted to 2016, is below 100 percent FPL (except for certain non-citizens), the FFM will use enrollees’ 2014 tax return information.
- **2014 tax return income, adjusted to 2016.** If the FFM doesn’t have projected 2015 income,

it will use the enrollee’s income from his 2014 tax return. Enrollees who may be in this situation include those who received and reconciled a 2014 APTC, but who did not update their eligibility during the last open enrollment period and were subsequently auto-renewed by the FFM. However, two exceptions apply. First, enrollees whose 2014 tax return income, when adjusted to 2016, goes over 400 percent FPL will not be able to auto-renew their APTC for 2016. Second, for enrollees whose 2014 tax return income, when adjusted to 2016, is below the poverty line, the FFM will use enrollees’ projected 2014 income.

- **Projected 2014 income, adjusted to 2016.** If the FFM has neither projected 2015 income nor 2014 tax return income, it will use enrollees’ projected 2014 income to redetermine and recalculate the 2016 APTC.

How will the FFM adjust 2014 or 2015 income to 2016?

Regardless of what income source the FFM uses, it will adjust for expected income growth from 2014 or 2015 to 2016. This adjustment is based on the percentage change in the federal poverty level for the enrollee’s applicable family size from the year for which annual household income information is used for redetermination to 2016. For example, if the FFM is using 2014 projected income, it will adjust that income to 2016 by applying the rate of growth in the FPL used to determine APTC eligibility in 2014 (which is the 2013 poverty thresholds) to the FPL used to determine eligibility in 2016 (which is the 2015 poverty thresholds). Table 1 lists the expected income growth from 2014 and 2015 to 2016 that the FFM will apply to enrollees’ household income, for families of one to four individuals.



**Table 1:
Rate of Growth in the Federal Poverty Level**

Family Size	From 2014 to 2016	From 2015 to 2016
1	1.0244	1.0088
2	1.0271	1.0127
3	1.0287	1.0152
4	1.0297	1.0188

To illustrate, suppose that a single person’s income on his 2014 tax return was 20,000, and this is the income information that the FFM has available to redetermine APTC eligibility in 2016. The percentage change in the poverty guidelines used to determine 2014 and 2016 APTC eligibility is 1.024 (\$11,770 divided by \$11,490). The FFM would apply this growth rate to the enrollee’s 2014 income to get a projected 2016 income of \$20,487.

How is this year’s auto-renewal process different from last year’s?

Last year, people who didn’t return to Healthcare.gov to update their eligibility received the same APTC amount for 2015 as they received in 2014. This process didn’t take into account factors that affect the APTC amount that can change from year to year, such as income, the cost of the benchmark plan, moving into a different age rating band, and updates to the poverty guidelines. As a result, people whose APTC were auto-renewed for 2015 likely got amounts that were too low or too high.

This year the FFM will actually recalculate people’s APTC for 2016, and use updated benchmark premiums and poverty guidelines. Using the updated benchmark premiums allows the FFM to account for how a consumer’s health plan ranks in relation to the benchmark health plan for 2015, which could have a significant impact on what the consumer will pay for coverage. It also compensates for increases in

plan costs as a result of age rating, which is particularly critical for people who turn 21. The FFM will also use the most recent income information that is available to it. All of these improvements should result in a much more accurate eligibility decision and APTC amount for 2016.

Will State-Based Marketplaces use the same renewal process?

The renewal process may be different in states that established their own marketplaces. State-Based Marketplaces (SBMs) have three options for how to conduct renewals:

- **Renewal process laid out in original regulation.** SBMs could use the process outlined in §155.335(b) through (m) of the regulations, which require the marketplace to obtain updated information through its electronic data sources and use that information to redetermine people’s APTC. SBMs would need to obtain updated income and family size information, provide notice to enrollees indicating the information that would be used to redetermine eligibility, give enrollees 30 days to respond and report any changes to the information contained in the notice, and if enrollees don’t respond, redetermine eligibility using the information contained in the notice.
- **Alternative procedure specified by HHS for the applicable benefit year.** For each open enrollment period, HHS may specify an alternative process for conducting renewals that the FFM will use, and SBMs have the option of using the same process. HHS will typically announce this alternative process by issuing guidance in the spring preceding the open enrollment period. This Q&A describes the alternative process that the FFM will use to renew people’s APTC for 2016.



- **HHS-approved, state-designed alternative.**

SBMs can also use its own alternative procedure for conducting renewals, with approval from HHS. SBMs must show that the alternative procedure would facilitate continued enrollment in coverage for eligible enrollees, provide enrollees clear information about the process, and ensure that the alternative process would result in accurate eligibility redeterminations.

Assisters working in a state that established its own marketplace should check with their state about the process for renewing coverage and re-determining advance premium tax credit eligibility.

What will happen to people's plans if they don't select a new one for 2016?

People enrolled in coverage through the FFM will be automatically re-enrolled into the same plan if they don't select a new plan for 2016 during open enrollment. If the enrollee's current plan is no longer being offered, the FFM will enroll him in a new plan that is as similar as possible to his 2015 plan, based on a hierarchy established in regulations.

It is possible for people to be auto-enrolled into a plan that is a different metal level or has a different type of network (e.g., HMO, PPO, or POS). It is also possible for an individual to be auto-enrolled in a non-marketplace plan if his current insurer is no longer offering any plans in the marketplace, or to be ineligible for auto-enrollment because his insurer has stopped offering any plans inside and outside the marketplace.

Information about what plan people will be auto-enrolled into will come from their insurer. Consumers who receive a notice saying that their current plan will no longer be offered should return to Healthcare.gov to look at their options

and make sure that that they are enrolled in a plan that best meets their needs.