

# Beyond the Basics

Office Hours

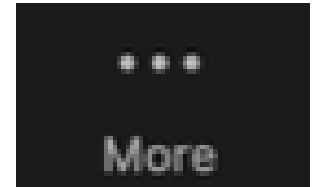


# Premium Tax Credits

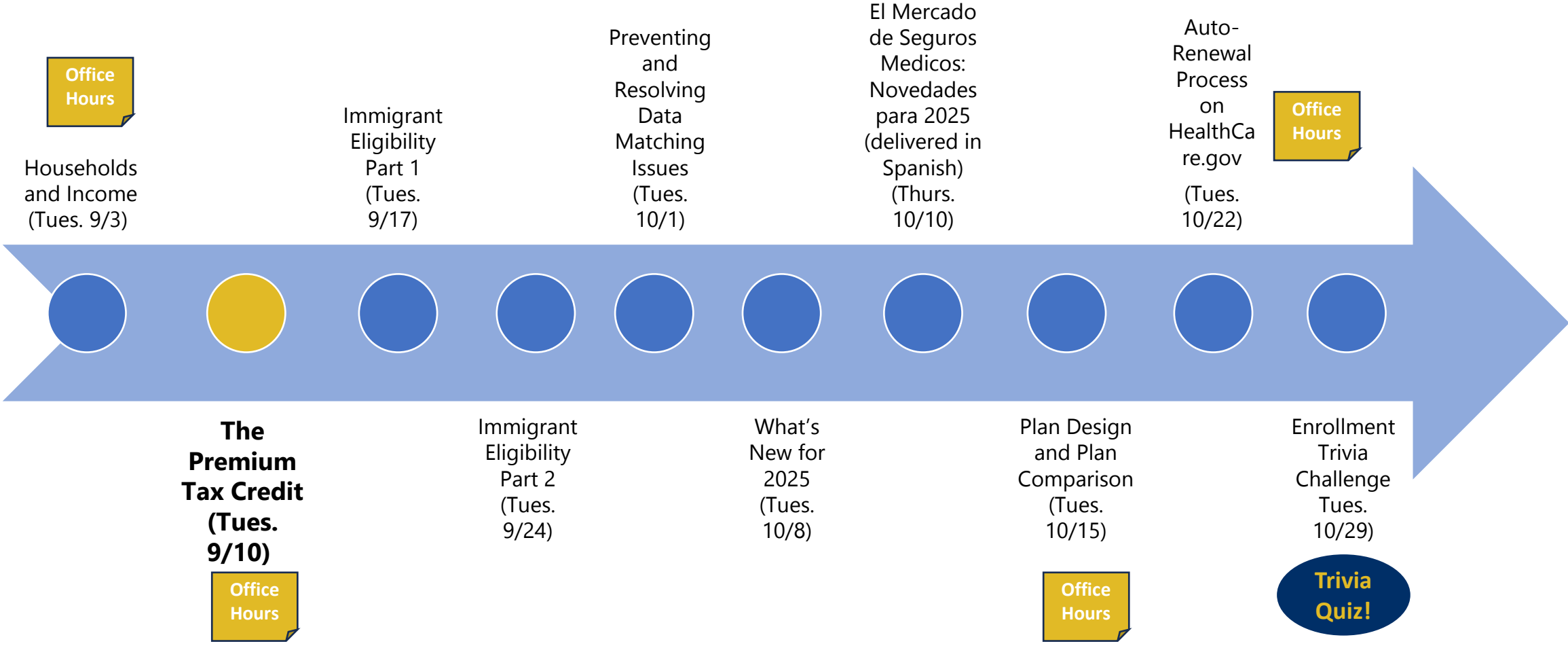
September 10, 2024

# Webinar Logistics

- After the webinar, we'll circulate the slides, a video recording of this presentation, and other resources. We'll also post everything to the Beyond the Basics website.
- Automated captions have been enabled for this webinar. To view them, click on the "more" option with three dots at the bottom of your screen. There you should have the option to turn on closed captioning.
- All participants are muted and in listen-only mode. If you'd like to ask a question:
  - Click on the Q&A icon at the bottom of your webinar screen and type your question into the box.
  - Throughout the webinar you can upvote questions in the Q&A chat by clicking the thumbs up icon.
  - We will monitor questions throughout the webinar and dedicate the majority of the time to a Q&A session.
  - We may not be able to answer every question asked, but we will do our best to get back to you after the webinar, and we'll have a record of all your questions which we'll use as a guide for future resources and presentations.
  - You can also email your questions after the webinar to [beyondthebasics@cbpp.org](mailto:beyondthebasics@cbpp.org)



# Webinar Schedule



Register and find recordings and materials from past webinars in the series at:  
<https://www.healthreformbeyondthebasics.org/category/webinars/>

# Agenda



15-minute crash course!



Your questions + a review of some of the most commonly-asked questions we receive about Premium Tax Credits

# Premium Tax Credit Eligibility



# PTC Eligibility Requirements

## Income: At least 100% FPL

- Income must be at or above 100% FPL
- Some exceptions apply

## Eligible Filing Status

- If married, cannot file as married filing separately
- Cannot be a tax dependent
- Some exceptions apply

## Ineligible for Other MEC

- Cannot be eligible for another type of MEC, such as Medicaid or employer coverage
- Some exceptions apply

- In addition, an ACA marketplace enrollee:
  - Must be a U.S. citizen or have a status considered “lawfully present”\*
  - Cannot be incarcerated (except if pending disposition of charges)
  - Must be a resident of the marketplace service area

\* People granted Deferred Action for Childhood Arrivals and people granted Special Immigrant Juvenile Status are newly eligible for PTCs beginning November 1, 2024. For a list of immigration statuses considered “lawfully present,” see HealthCare.gov:

[www.healthcare.gov/immigrants/immigration-status](https://www.healthcare.gov/immigrants/immigration-status)

# Income Requirements

## Exceptions to the 100% FPL minimum

- Lawfully present individuals
  - Lawfully present individuals with income under 100% FPL are eligible for PTC if they are ineligible for Medicaid because of their immigration status
- Reconciliation safe harbor
  - If someone projects income above 100% FPL and receives APTC, but at the end of the year has income below 100% FPL, they are protected by a **safe harbor** and are considered eligible for PTC

Household Size	2024 Federal Poverty Line (for 2025 coverage)				
	100%	138%	200%	250%	400%
1	\$15,060	\$20,783	\$30,120	\$37,650	\$60,240
2	\$20,440	\$28,207	\$40,880	\$51,100	\$81,760
3	\$25,820	\$35,632	\$51,640	\$64,550	\$103,280
4	\$31,200	\$43,056	\$62,400	\$78,000	\$124,800
5	\$36,580	\$50,480	\$73,160	\$91,450	\$146,320

**Note:** 2024 federal poverty guidelines are used to determine eligibility for 2025 coverage.

# Eligible Tax Filing Status

## Must file a tax return and have an eligible filing status

- Cannot be a dependent of another taxpayer
  - The taxpayer who claims the dependent must apply on their behalf
- If married, must file a joint return (i.e., cannot be Married Filing Separately)
  - Three exceptions to joint filing requirement:
    - Head of Household → *Incorporated into HealthCare.gov questions*
    - Survivors of domestic abuse → *select "single"*
    - Abandoned spouses → *select "single"*

## Tax relationships

Now, tell us about the household's federal income tax returns. We'll use this information to see who's eligible for savings, like premium tax credits.

### Maria's tax relationships

Will Maria file a 2025 joint federal income tax return with Victor?

[Learn more about joint tax filing.](#)

Yes

No

### **i** Filing taxes separately?

If these spouses plan to file separate tax returns for 2025, they won't be eligible to get premium tax credits or other savings, unless they meet certain exceptions. But, they can still get free or low-cost health coverage if they qualify for Medicaid or the Children's Health Insurance Program (CHIP).

[Learn more about filing taxes separately.](#)

HELP TEXT

Will Maria file a 2025 federal income tax return?

[Learn more about tax filing.](#)

Yes

No



# Ineligible for Other MEC

For more information on what counts as MEC, see the *Health Reform: Beyond the Basics* [MEC Reference Chart](#)

- In general, to qualify for a PTC, a person cannot be eligible for or enrolled in other minimum essential coverage (MEC)
- **Eligibility for some types of MEC bars PTC eligibility:**
  - Most government-sponsored coverage
    - Premium-free Medicare Part A
    - Medicaid/CHIP
      - Note that termination for failure to pay premiums still disqualifies someone from PTC eligibility
  - Employer-sponsored coverage (that is affordable and meets minimum value)
- **Some types of MEC bar PTC eligibility only if the person is enrolled:**
  - COBRA
  - Employer-sponsored retiree coverage
  - Certain veterans' and TRICARE coverage
  - Medicare that requires payment of a Part A premium

# ESI Affordability

- ESI is “affordable” for the employee if the employee contribution for **self-only coverage is up to 9.02%** of household income (in 2025)
- ESI is “affordable” for the spouse and dependents if the employee contribution for **family coverage is up to 9.02%** of household income (in 2025)
- If ESI is considered unaffordable, the employee and/or spouse and dependents can qualify for PTC
- A family member can also get PTC if:
  - They aren’t offered coverage through the employee (e.g. no family coverage offer)
  - They aren’t on the employee’s tax return (example: a child claimed by an ex-spouse instead of the employee)

# Additional Rules and Exceptions in ESI

Offer alone disqualifies someone from PTCs	Only disqualified from PTCs if <i>enrolled</i>
<ul style="list-style-type: none"><li>• Employer sponsored coverage that meets affordability and minimum value standards (even if the person is not enrolled or missed open enrollment)*</li></ul>	<ul style="list-style-type: none"><li>• Employer sponsored coverage that is not affordable and/or does not meet minimum value standards**</li><li>• COBRA</li><li>• Retiree coverage</li><li>• Student health plans</li></ul>

\* If there is a waiting period before an employee can enroll in an employer plan, the person is eligible for PTC during those months only.

\*\* If employer coverage is not affordable or minimum value, but the employee enrolls in it anyway, the employee cannot get PTC in those months. They would need to drop the coverage to enroll in a marketplace plan with PTC. Dropping coverage for this reason does not trigger a special enrollment period.

# Reconciliation of Overlapping Coverage

In general, to be eligible for PTC, the taxpayer must not be eligible for (or enrolled in) other coverage, but some special rules apply, especially at reconciliation

First-day rule	People who are eligible for PTC on the first day of the month are considered eligible for the full month
Medicaid	If a person gets APTC but later becomes eligible for Medicaid: <ul style="list-style-type: none"><li>• APTC is allowed for months of retroactive Medicaid coverage</li><li>• The person can choose to remain in the marketplace with APTC for the entire calendar year or enroll in Medicaid</li></ul>
Medicare	A person loses eligibility for PTC when they become eligible for Medicare, <b>even if they don't enroll</b> . PTC eligibility ends on <i>the first day of the fourth full month</i> after the person became eligible for Medicare.
Employer-sponsored coverage	If the taxpayer accurately informed the marketplace of the ESI premium (with no intentional or reckless disregard for the facts) and, despite the affordable offer, was awarded PTC anyway, the taxpayer can claim PTC. But the safe harbor does not apply when a person re-enrolls: the presence/cost of an ESI offer must be updated at re-enrollment.

# Calculation of the Premium Tax Credit



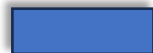
# Premium Tax Credits

Premium tax credits (PTCs) work by limiting ACA marketplace premium costs to a specific percentage of a family's income. After the limit is reached, the federal government pays the rest of the premium for a benchmark plan (or pays that amount toward a different ACA marketplace plan of the individual's choosing).



## Cost of Benchmark Plan

The premium cost of the second lowest cost silver plan available to each eligible household member



## Expected Premium Contribution

What a tax household is expected to contribute towards the cost of premiums (based on a sliding scale tied to projected annual household income)



## Premium Tax Credit

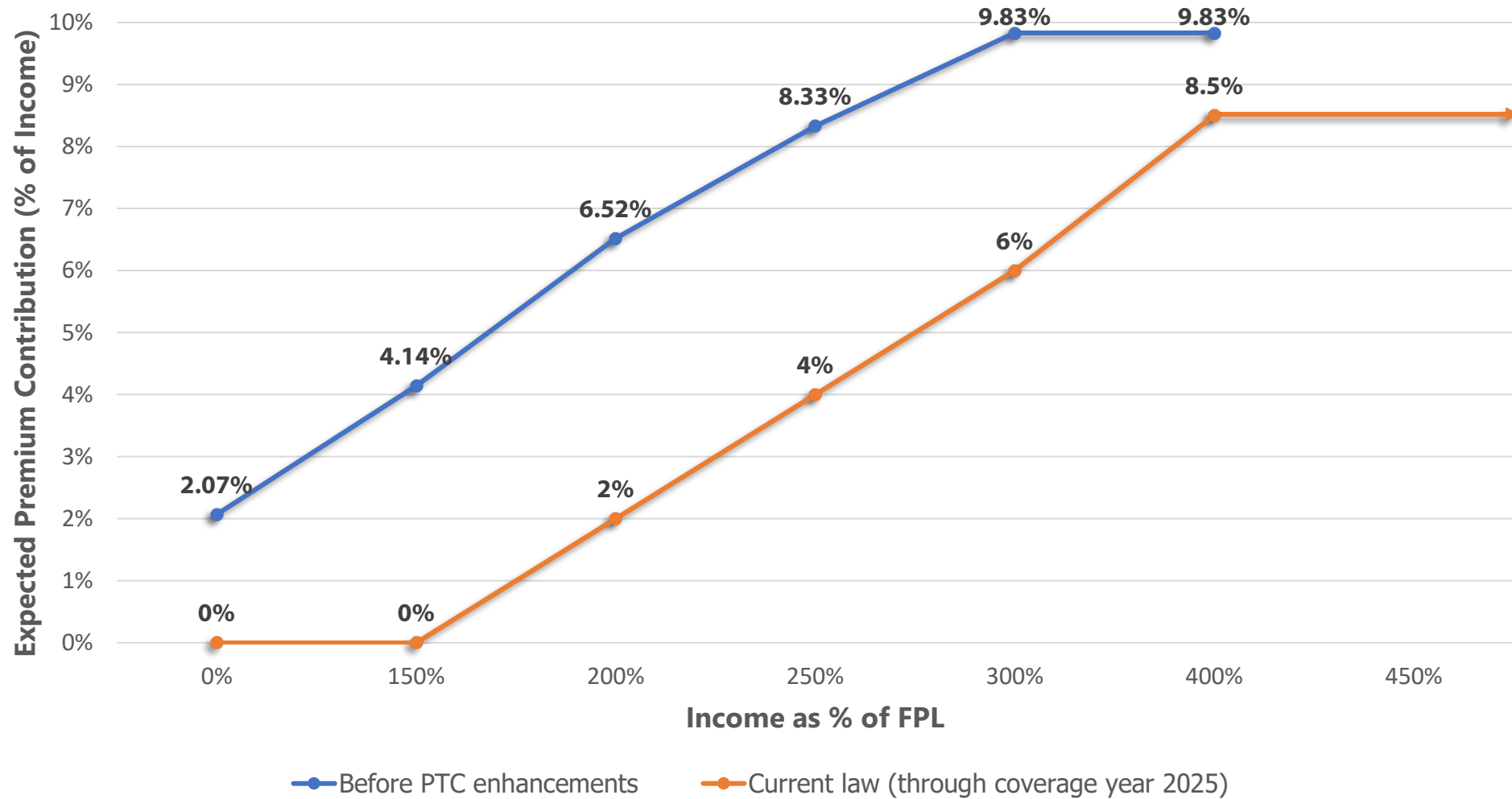
Difference between the cost of the benchmark plan and the expected premium contribution an individual is expected to pay

# Enhanced Premium Tax Credits

- In place since 2021 and currently expire at the end of 2025
- Lower the expected premium contribution percentage for people at all income levels
- Allow people with incomes between 100 and 150% FPL to pay \$0 in premiums for a benchmark plan
- Allow people with incomes >400% FPL to get a PTC if they would pay more than 8.5 percent of their income for a benchmark plan

In 2024, 92% of marketplace enrollees qualified for PTCs.  
~19.7 million Americans

# How Much Will a Household Pay in 2025?





## Expected Contributions at Certain Income Levels (2025)

Annual Household Income		Expected Premium Contribution	
% of FPL	Income Amount (For HH of 1 using 2024 FPL)	% of Income	Monthly Dollar Amount (For HH of 1 using 2024 FPL)
< 150% <sup>1</sup>	< \$22,590	<b>0%</b>	\$0
200%	\$30,120	<b>2%</b>	\$50
250%	\$37,650	<b>4%</b>	\$126
300%	\$45,180	<b>6%</b>	\$226
350%	\$52,710	<b>7.25%</b>	\$319
400%	\$60,240	<b>8.5%</b>	\$427
> 400%	> \$60,420	<b>8.5%</b>	varies

<sup>1</sup> Individuals with income < 138% FPL who are eligible for Medicaid are ineligible for PTC

*Note: 2024 federal poverty guidelines are used to determine eligibility for 2025 coverage.*

# Repayment Caps

For more information on PTC repayment, see the *Health Reform: Beyond the Basics Key Facts: Premium Tax Credit*

People who have more income than they projected will owe back some – or all – of the APTC they received.

REPAYMENT LIMITS (TY 2024)		
Income (as % of FPL)	SINGLE taxpayers will pay back no more than ...	OTHER taxpayers will pay back no more than....
Under 200%	\$375	\$750
At least 200% but less than 300%	\$950	\$1,900
At least 300% but less than 400%	\$1,575	\$3,150
400% and above	None: Full repayment	None: Full repayment

Source: <https://www.irs.gov/pub/irs-drop/rp-23-34.pdf>

Q&A



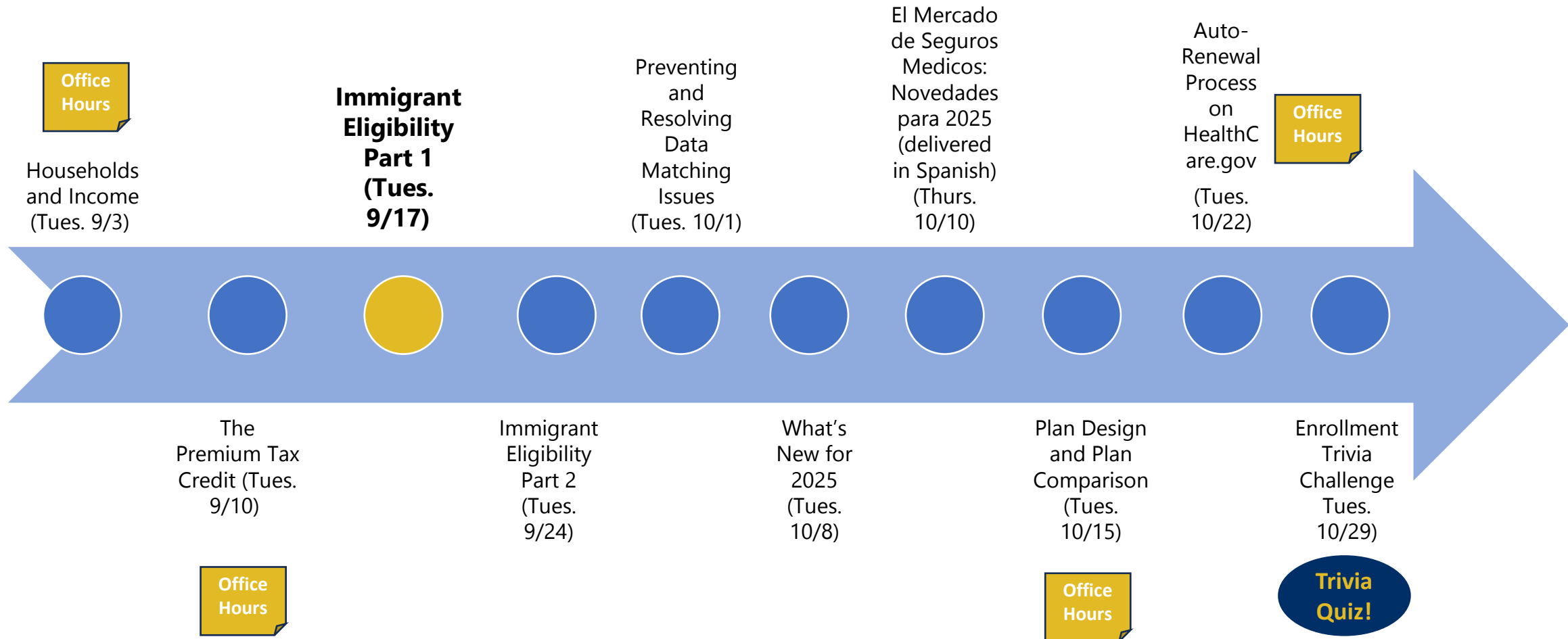
# Frequently Asked Questions/Topics

- If a person doesn't take PTCs in advance, are they eligible to claim them when they file their taxes?
- How do enrollees access the "safe harbor" at tax time, if their income is <100% FPL?
- If marketplace enrollee later becomes eligible for Medicaid, will they have to repay the APTC that was awarded?
- What is the repayment cap for people with income <100% FPL?
- If a person receives Cost Sharing Reductions (CSRs) and ultimately makes more money than they projected on their application, do they have to reconcile CSRs?
- What happens if a person is single and receiving APTCs, but gets married partway through the year? What about married people who divorce during the year?
- When determining employer coverage affordability, which plan do you use (e.g. employee+spouse, employee+child, or a family plan)?
- How can I find the benchmark plan for my area?
- Interactions between PTC eligibility and COBRA
- Interactions between PTC eligibility and Medicare

# Resources

- Reference Guide: [Yearly Guidelines and Thresholds](#) (Coverage Year 2025/Tax Year 2024)
  - Annually updated FPL levels for current and prior years
  - Expected premium contributions
  - Employer coverage affordability threshold
  - Out-of-pocket maximums, including for CSR plans
  - Tax filing thresholds
  - Repayment caps for APTC
- Reference Chart: [Minimum Essential Coverage](#)
- Key Facts:
  - [Premium Tax Credits](#)
  - [Employer-Sponsored Coverage and PTC Eligibility](#)

# Upcoming Webinars



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