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Key Facts You Need to Know About: Auto-Renewal of Advance Premium Tax Credits on HealthCare.gov

Each open enrollment period, people receiving advance premium tax credits (APTC) 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 (FFM) will renew eligibility for APTC and will briefly explain how HealthCare.gov will assign people to health plans if they don't come back to the marketplace to select a plan.

Do enrollees have to return to the marketplace during open enrollment?

For most enrollees in states using HealthCare.gov, there is a process to auto-renew their eligibility for advance premium tax credits (APTC) and auto-enroll them in a health plan if they don't return to the marketplace to update their financial information and pick a health plan.

Even though this process is available, it is *highly recommended* that *all* enrollees return to the marketplace to update their eligibility and plan selection, particularly in this upcoming open enrollment period when there will be significant changes to health plans in many states.

What happens if enrollees do not return to the marketplace to update their eligibility information and select a health plan?

Two actions will take place for enrollees who don't return to the marketplace.

- **Auto-Renewal of Eligibility for APTC.** However, the marketplace will not be able to

automatically redetermine eligibility for APTC for all enrollees.

- **Auto-Enrollment.** People will be automatically enrolled in their current plan if it is still available in the marketplace. If the plan isn't available, HealthCare.gov will enroll people in a new plan that is as similar as possible to their current plan.

How will HealthCare.gov auto-renew eligibility for APTC?

For enrollees who do not return to the marketplace to update their information, the FFM will recalculate their APTC based on the most recent income information that the FFM has for them using updated benchmark plan premiums and poverty level thresholds.

There are some people, however, who will not have their APTC automatically renewed. They must return to HealthCare.gov and provide updated information to renew their APTC. The FFM will send notices to enrollees telling them whether they must return to HealthCare.gov to continue receiving the APTC.



How will HealthCare.gov determine whose APTC can be auto-renewed for 2021 and whose can't?

Before open enrollment, the FFM will check Internal Revenue Service (IRS) data and use information from enrollees' tax returns to determine whether or not their APTC can be auto-renewed 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.

Most people will be able to auto-renew their APTC. However, HealthCare.gov will notify a small number of enrollees that unless they return to the marketplace to update their information, HealthCare.gov will automatically enroll them into the same or similar plan, but will discontinue their APTC. These include people who fall into any of the following groups:

- **Opt-Out Group.** Enrollees are in the opt-out group if they did not authorize the FFM to access tax return information in order to redetermine their APTC eligibility. When consumers apply for APTC, HealthCare.gov asks them to give the FFM consent to obtain 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 APTC.
- **Failure to File or Reconcile Group.** People in this group received APTC in 2019 but did not file a 2019 tax return or reconcile their 2019 APTC on the tax return. The ACA requires that people file a tax return for any year in which they receive APTC. When people file their return, they must reconcile the APTC amount they received against the final credit amount for which they are eligible. In general, the FFM will discontinue APTC for enrollees who did not file a tax return or who filed but did not reconcile the credit in the previous tax filing year. This means that for 2021, if a person received APTC in 2019 and did not file a tax return to reconcile her APTC for that year, then the FFM will discontinue APTC for 2021.

- **Above Income Group.** People in this group have 2019 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 2021 income that would make them ineligible for APTC.
- **Repeat Passive Group.** This is a small group of people who were automatically re-enrolled in marketplace coverage with APTC in both 2019 and 2020, did not return to the marketplace to update their eligibility in those years, and there is no IRS information on their income for those years.

Individuals who fall into any of these groups will receive a notice saying that unless they take action, they will not receive APTC in 2021 for one of the reasons outlined above. 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 their APTC eligibility for 2021.

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 2021, and if so, any key changes to benefits and cost-sharing between the 2020 and 2021 plans;
- Information about the 2021 plan's premium, including, for people receiving APTC, an



estimated APTC amount based on the prior year's amount;

- Information about other health coverage options, including how to pick a different plan in the marketplace;
- Where the consumer can 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; and
- For people receiving cost-sharing reductions (CSRs) who are being auto-enrolled into a non-silver plan, an explanation that CSRs are only available if enrolled in a silver plan.

HealthCare.gov will 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 of open enrollment; and
- 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 a notice with this information from the marketplace, but enrollees who fall into the opt out, failure to file or reconcile, above income, or repeat passive groups described above will receive additional information telling them they need to return to Healthcare.gov and update their eligibility in order to continue receiving the APTC in 2021.

What will people in the “failure to file or reconcile” group need to do to continue receiving APTC for 2021?

People who did not file a 2019 tax return to reconcile the APTC they received in 2019 must do so and return to HealthCare.gov to update their eligibility during open enrollment. Since it will take time for the IRS to process new tax filings, the FFM will not be able to immediately verify whether enrollees have filed and will accept enrollees' attestation that they filed a tax return and reconciled their 2019 APTC. The FFM will later verify this information with the IRS, and if the IRS cannot verify that a 2019 tax return was filed, APTC may be discontinued.

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

For 2021, the FFM will recalculate the APTC by applying the updated federal poverty line (FPL) thresholds and benchmark premiums, and by using the most recent income information that is available to the FFM, adjusted to 2021. The FFM has three sources of income it can use to redetermine enrollees' APTC eligibility, based on the following hierarchy:

- **Projected 2020 income, adjusted to 2021.**
Enrollees who have projected 2020 income the FFM can use include people who returned to HealthCare.gov during the last open enrollment period to update their eligibility, newly applied for the APTC in 2020, or reported a change in income in 2020. If an enrollees' projected 2020 income, adjusted to 2021, is below 100 percent FPL (except for certain non-citizens), the FFM will use enrollees' 2019 tax return information.
- **2019 tax return income, adjusted to 2021.** If the FFM doesn't have projected 2020 income, it will use the enrollee's income from his 2019 tax return. Enrollees who may be in this situation include those who received and reconciled a 2019 APTC, but who did not update their eligibility during the last open



enrollment period. However, two exceptions apply. First, enrollees whose 2019 tax return income, when adjusted to 2021, goes over 400 percent FPL will not be able to auto-renew their APTC for 2021. Second, the FFM will use enrollees' projected 2019 income for enrollees whose 2019 tax return income, when adjusted to 2021, is below the poverty line.

- **Projected 2019 income, adjusted to 2021.** If the FFM doesn't have projected 2020 income or 2019 tax return income, it will use enrollees' projected 2019 income to redetermine and recalculate the 2021 APTC.

If the FFM does not have projected 2019 or 2020 income, or 2019 tax return income — and the consumer was auto-enrolled in APTC in both 2019 and 2020 —the FFM will discontinue APTC for 2021.

How will HealthCare.gov adjust 2019 or 2020 income to 2021?

Regardless of the income source the FFM uses, it will adjust for expected income growth from 2019 or 2020 to 2021. 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 2021. For example, if the FFM is using 2019 projected income, it will adjust that income to 2021 by applying the rate of growth in the FPL used to determine APTC eligibility in 2019 (which is the 2018 poverty thresholds) to the FPL used to determine eligibility in 2021 (which is the 2020 poverty thresholds). Table 1 lists the expected income growth from 2019 and 2020 to 2021 that the FFM will apply to enrollees' household income, for families of one to four individuals.

To illustrate, suppose that a single person's income on his 2019 tax return was \$20,000, and this is the income information that the FFM has

Family Size	From Coverage Year 2019 to 2021	From Coverage Year 2020 to 2021
1	1.0510	1.0216
2	1.0473	1.0195
3	1.0452	1.0182
4	1.0438	1.0174

available to redetermine APTC eligibility in 2021. The percentage change in the poverty guidelines used to determine 2019 and 2021 APTC eligibility is 1.0510 (\$12,760 divided by \$12,140). The FFM would apply this growth rate to the enrollee's 2019 income to get a projected 2021 income of \$21,021.

Will State-Based Marketplaces use the same renewal process?

The renewal process may be different in states that established their own marketplaces, unless the state uses the HealthCare.gov platform for enrollment. State-Based Marketplaces (SBMs) have three options for how to conduct renewals:

- **Renewal process in original regulation.** SBMs could use the process outlined in 45 C.F.R. §155.335(b) through (m) of the regulations, which require the marketplace to obtain updated information through 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 will be used to redetermine their eligibility, give them 30 days to respond and report any changes to the information contained in the notice. If enrollees don't respond, the SBM redetermines 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 enrollees' APTC for 2018.

- **HHS-approved, state-designed alternative.** SBMs can also use their own alternative procedures 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 SBM states should check with their state about the process for renewing coverage and re-determining advance premium tax credit eligibility.

How will the auto-enrollment process work for enrollees who do not select a new plan for 2021?

If people enrolled in coverage through the FFM don't select a plan for 2021 by the time open enrollment ends on December 15, 2020, they will be automatically re-enrolled into the same plan they currently have. If the enrollee's current plan is no longer offered, HealthCare.gov will enroll him in a new plan that is as similar as possible to his 2020 plan, based on a hierarchy established in regulations.

It is possible for people to be auto-enrolled into a plan that has a different type of network (e.g., HMO, PPO, or POS), or a different metal level. It is also possible an individual will be matched with a marketplace plan with a different insurer if the person's current insurer is no longer offering any

plans in the marketplace. In that case, enrollment will not be effective until the enrollee pays the first month's premium.

Information about the plan people will be auto-enrolled into will come from their insurer. Enrollees 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 they are enrolled in a plan that best meets their needs. HealthCare.gov will send a notice to enrollees in this situation reminding them to return to the marketplace.

Can an enrollee change plans once they are auto-enrolled in a plan?

This depends. Open enrollment ends December 15, 2020. Enrollees who don't come back to the marketplace to update their application and select a plan by the December 15 deadline will be auto-enrolled in a plan for 2021.

Those who are auto-enrolled into the same plan they had in 2020 will not be able to switch plans after that deadline. If an enrollee wishes to disenroll from the plan without incurring any premium payments in the 2021 coverage year, she will need to terminate her plan by December 31, 2020. Enrollees can cancel a plan by contacting the marketplace.

Those who are auto-enrolled into a different plan than the one they had in 2020 will be eligible for a special enrollment period (SEP) beginning January 1, 2021 due to the discontinuation of their 2020 plan. They will have 60 days before or after January 1, 2021 to switch to another plan if they choose to use the SEP. (For more information on SEPs, please see the [Special Enrollment Period Reference Chart](#).)