



Health Reform: **Beyond the Basics**

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# Back by Popular Demand: Special Enrollment Periods and Exemptions

*Center on Budget and Policy Priorities*

May 7, 2014



Part I:

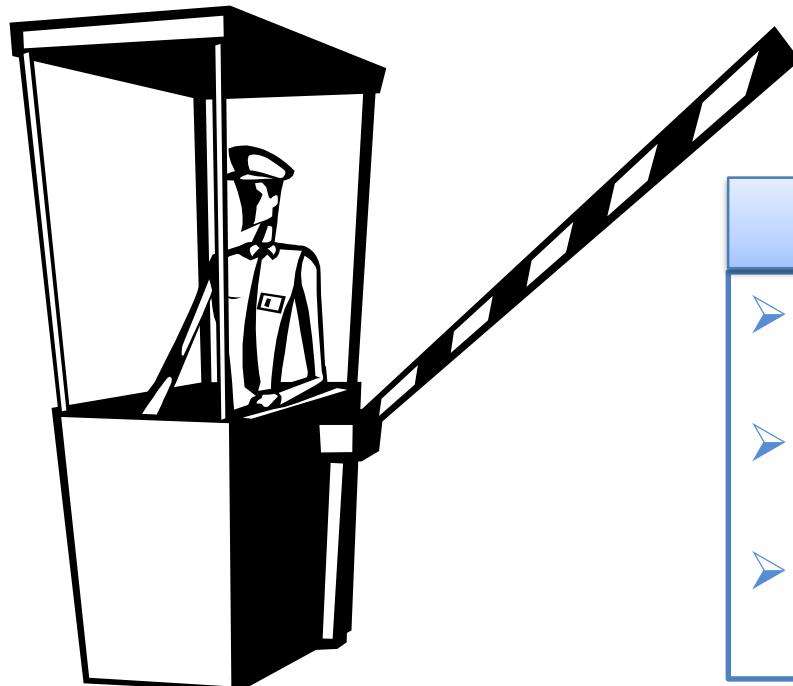
# SPECIAL ENROLLMENT PERIODS

# Open Enrollment

**Annual Period When All Eligible Individuals  
Can *Enroll* in a Qualified Health Plan**

- Marketplaces will determine eligibility to enroll in a QHP, assess (or determine) eligibility for Medicaid and CHIP, and determine eligibility for premium tax credits and cost-sharing reductions *all* year.
- But a person can only enroll in a QHP during open enrollment or during a special enrollment period.
- For 2015 Coverage: Nov. 15, 2014 – Feb. 15, 2015

# Outside of open enrollment, when can someone enroll in or switch Qualified Health Plans (QHPs)?



## SPECIAL ENROLLMENT PERIODS

- Can occur at any point in the year
- Triggered by specific events
- Usually give a person 60 days from the triggering event to take action

# SEPs Triggered Regardless of QHP Enrollment

- Life Changes
  - Marriage
  - Birth, adoption, placement for foster care or adoption
  - Becoming a citizen, national, or lawfully present individual
  - Permanent move
- Loss of Minimum Essential Coverage (MEC)
  - Includes loss of eligibility for employer coverage, Medicaid, CHIP, COBRA
  - Also triggered when an enrollee in employer plan becomes newly eligible for subsidies because employer plan is no longer affordable or adequate
  - Does not generally include voluntary termination of other MEC
- Other Situations
  - Error or inaction by Marketplace or HHS
  - Exceptional Circumstances
  - Misconduct by a non-Exchange entity
  - Special rule for Indians and Alaska Natives

# SEPs Triggered Only for QHP Enrollees

- Enrollee demonstrates the QHP he or she was enrolled in substantially violated a material provision of its contract in relation to the enrollee.
- Enrollee (or a dependent enrolled in the same QHP) is newly eligible or ineligible for an advance premium tax credit (APTC).
- Enrollee (or a dependent enrolled in the same QHP) has a change in eligibility for cost-sharing reductions (CSRs).

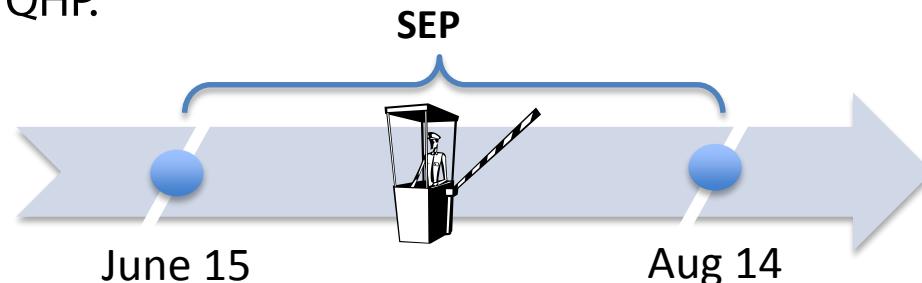
# 2014 Special Enrollment Periods for Complex Cases

- Guidance lists specific categories of individuals who tried to enroll by 3/31 and experienced problems with the eligibility process and plan selection, including:
  - System errors, including errors related to immigration status and inability to enroll due to error messages
  - Delays or mistakes in transferring cases between state Medicaid and CHIP agencies and the FFM
  - Misconduct or misinformation by individuals or entities providing formal enrollment assistance
  - Enrollment and plan display errors
  - Unresolved casework

# SEP Timing: Usually 60 Days from Triggering Event

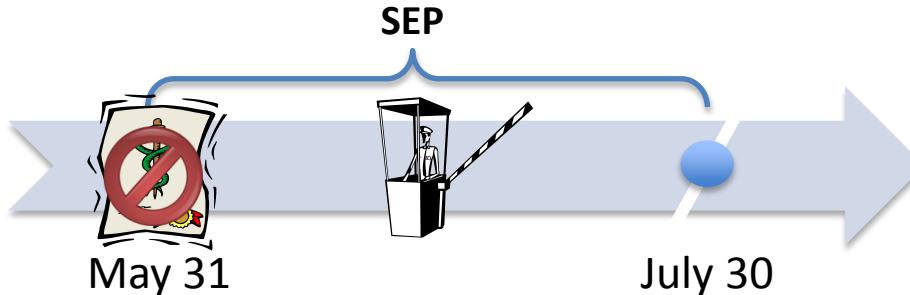
- Rashid becomes a lawfully permanent resident in June. This triggers a SEP.

- He has 60 days from the date he becomes an LPR to enroll in a QHP.



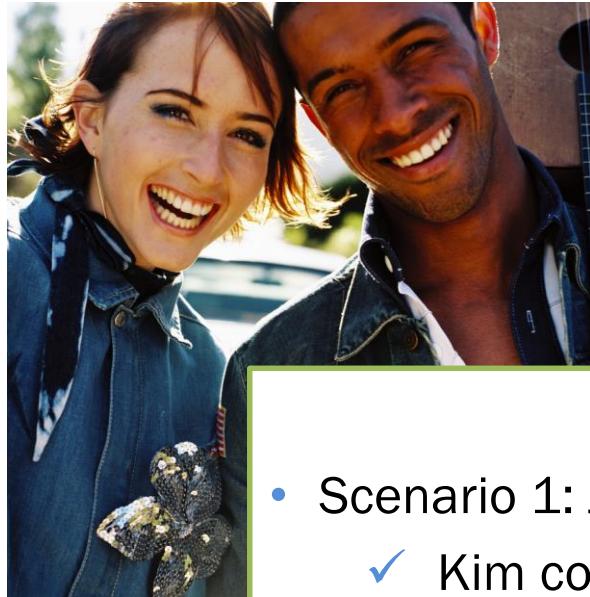
- John loses his employer coverage.

- He has 60 days from the loss of the coverage to select a QHP.





# “Life Change” Example: Marriage



- Jay and Kim get married.
- They both get a SEP.

## Their SEP Options:

- Scenario 1: Jay has a QHP.
  - ✓ Kim could join his QHP.
  - ✓ Kim could enroll in a different QHP.
  - ✓ Jay could enroll in a different plan with Kim.
- Scenario 2: Neither Jay nor Kim has coverage.
  - ✓ They could both newly enroll in a QHP.



# “Life Change” Example: Birth of a Baby



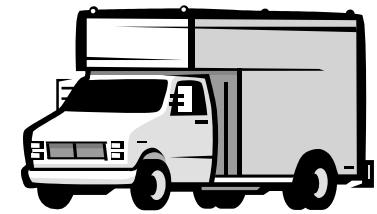
- Maya gave birth to her son, Lucas, on June 15



## Their SEP Options:

- Scenario 1: Maya has a QHP.
  - ✓ She decides to add Lucas to her QHP.
- Scenario 2: Maya isn't enrolled in a QHP.
  - ✓ She enrolls herself and Lucas in a QHP.

# “Life Change” Example: Permanent Move

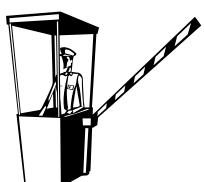


- Nadif, Fatima and Amina move to a new state

## Their SEP Options:

- ✓ All members of the family can newly enroll in coverage.
- ✓ All members of the family can change to a QHP in their new state.

- This SEP applies if they make a permanent move:



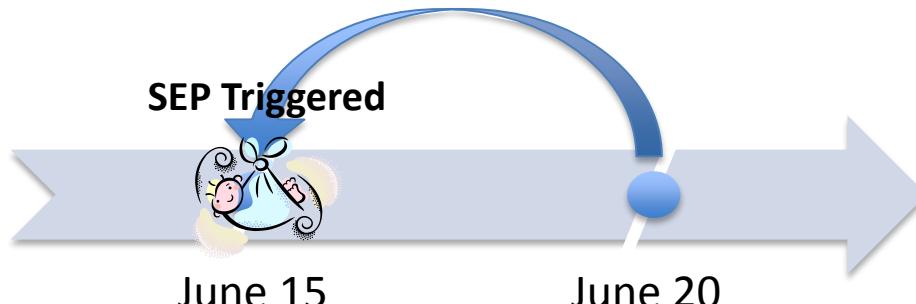
- To a new state
- To a different part of the same state (potentially the same city or a neighboring county) provided they gain access to new QHPs
- Back to the U.S. after living abroad

# “Life Change” SEPs: Coverage Effective Dates

SEP Triggering Event	Special or Regular Coverage Effective Date?	When Does Coverage Start?
Marriage	Special	First day of the following month
Birth, Adoption, Foster Care Placement or Foster Care Placement	Special	Date of the birth, adoption, or placement
Becoming a Citizen, National, or Lawfully Present Individual	Regular	First day of following month if plan selected between the 1 <sup>st</sup> and 15 <sup>th</sup>
Permanent Move		First day of second following month if plan selected between the 16 <sup>th</sup> and the last day of the month

# Birth of a Baby: Coverage Effective Date

- Maya gave birth to Lucas on June 15.
- Maya is already enrolled in a QHP.
- Maya contacts the exchange in her state on June 20 and asks for Lucas to be added to her plan.



- Lucas's coverage is effective as of June 15.  
(A proposed rule may let Maya set the date later.)

# Permanent Move: Coverage Effective Date

- Nadif, Fatima, and Amina move in early August from Illinois to Ohio.
  - They have been uninsured.
  - They apply at the exchange in Ohio and select a plan on August 5.
- 
- The coverage effective date for the family is September 1



*NOTE: If they select a plan on August 20, the coverage would begin October 1.*

# Examples of “Loss of Minimum Essential Coverage” Triggering a SEP

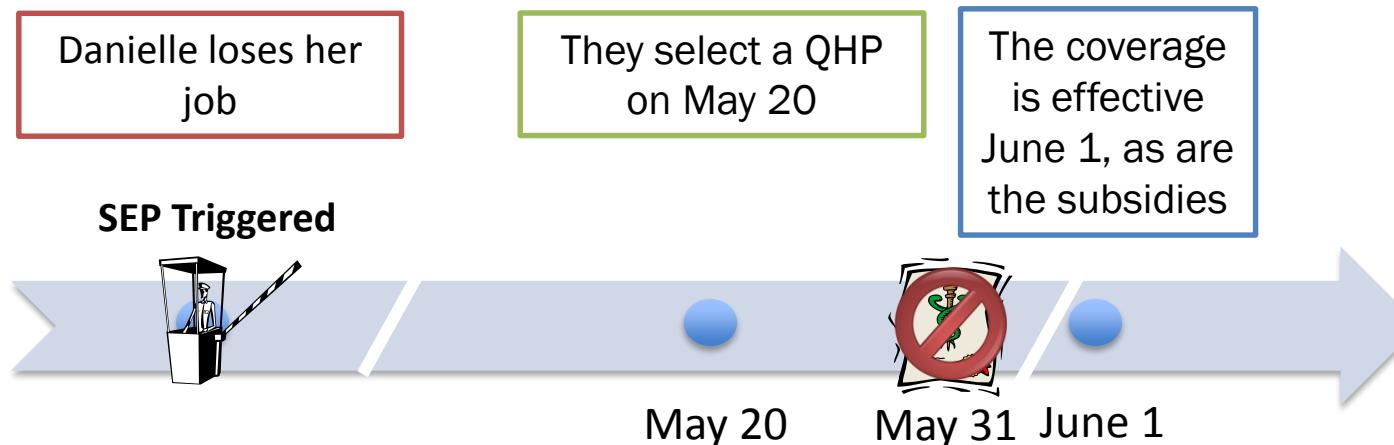
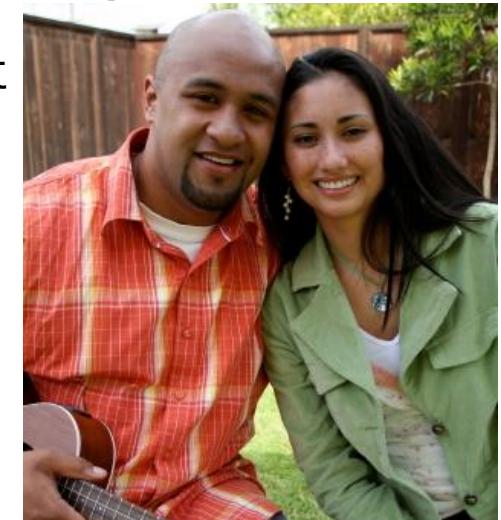
- Loss of eligibility for an employer plan (i.e., loss of a job or a reduction in work hours)
- Loss of eligibility for Medicaid or CHIP
- Loss of coverage due to divorce or legal separation
- Expiration of COBRA coverage
- Loss of coverage due to loss of dependent status
- Loss of coverage due to death of policyholder

# “Loss of MEC” SEPs: Coverage Effective Dates

Triggering Event	When does coverage start?
Loss of MEC	First day of the following month
Future loss of MEC (within the next 60 days)	First day of the month after the old coverage ends

# Example: Loss of Employer Coverage

- Joe and Danielle are enrolled in health insurance that Danielle gets through her job.
- Danielle loses her job in May, and her health benefits are scheduled to end on May 31.
  - She is offered COBRA, but it would cost a lot.
- Joe and Danielle instead apply for coverage at the Marketplace in their state.
  - They qualify for subsidies and a SEP for loss of MEC.



# “Other Situation” SEPs

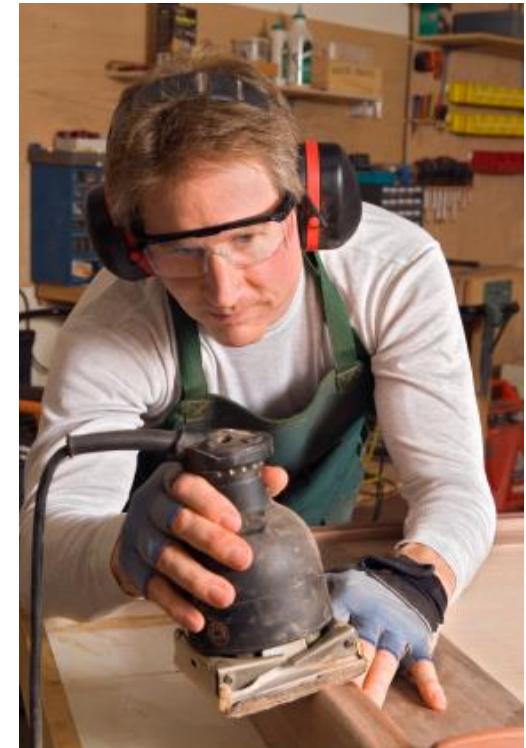
- Error or inaction by Marketplace or HHS
  - Enrollment or non-enrollment in a QHP was the result of error, misrepresentation, or inaction of an officer, employee, or agent of the Exchange or its instrumentalities.
- Exceptional circumstances in accordance with guidelines issued by HHS, including:
  - People who obtain a hardship exemption from the shared responsibility penalty and then (due to changes in circumstance) lose eligibility for the hardship exemption.
  - Natural disasters, medical emergencies occurring on or around plan selection deadlines

# More “Exceptional Circumstances ”Special Enrollment Periods

- Survivors of domestic abuse (through May 30, 2014)
- Individuals eligible for or enrolled in COBRA (through July 1, 2014)
- Individuals whose individual market plans are renewing outside of open enrollment
- Individuals who are beginning or concluding their service in the AmeriCorps State and National, VISTA, or National Civilian Community Corps programs

# Example: Loss of Hardship Exemption

- George works as a carpenter in Missouri.
- His income is 90% of the federal poverty line.
- He is ineligible for Medicaid because his state has not expanded Medicaid.
  - Because of this, he obtains a hardship exemption.
- Recently, he took on a new job that raises his income above 138% of the poverty line, which means that he is no longer eligible for this hardship exemption.



The loss of the hardship exemption triggers a SEP to get a Marketplace plan.  
He is also eligible for subsidies.

## “Other Situation” SEPs (continued)

- Misconduct by a non-exchange entity providing formal enrollment assistance
  - Exchange determines that someone was not enrolled in the QHP, not enrolled in the QHP selected by the individual, or is eligible but not receiving subsidies as a result of misconduct by an entity providing enrollment assistance or conducting enrollment activities.
  - HHS interprets this provision as applying to navigators, non-navigator assisters, certified application counselors, agents or brokers assisting exchange consumers, and insurer customer service representatives.



## “Other Situation” SEPs (continued)

- Special rule for American Indians and Alaska Natives
  - Applies to people defined as Indian by section 4 of the Indian Health Care Improvement Act.
  - They may enroll in a QHP or change from one QHP to another one time per month.

# “Other Situation” SEPs: Coverage Effective Dates

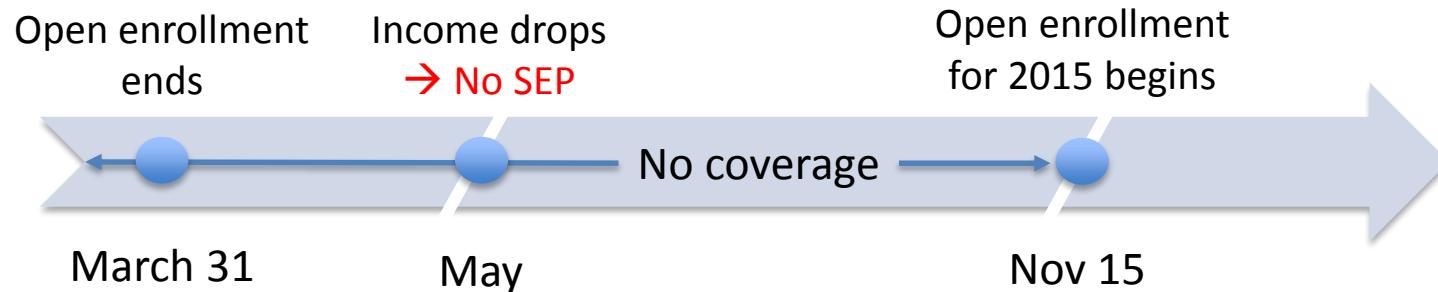
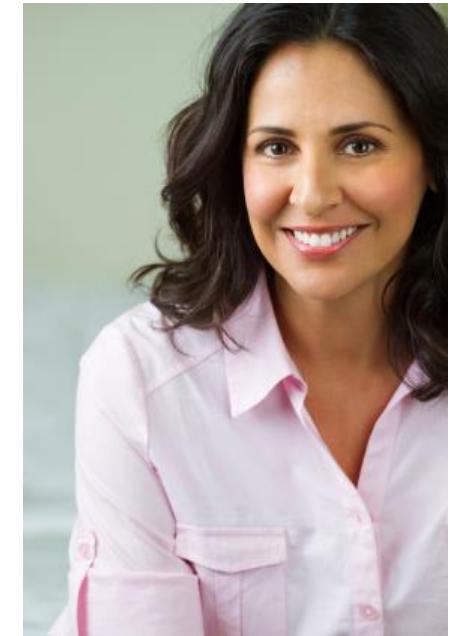
Triggering Event	When does coverage start?
Error or inaction by Marketplace or HHS	Effective date must be appropriate to circumstances of the event and consistent with HHS guidelines
Exceptional circumstances	Same as above
Misconduct by non-exchange entity providing enrollment assistance	Same as above (per proposed rule)
Special rule for American Indians and Alaska Natives	First day of following month if plan selected between the 1 <sup>st</sup> and 15 <sup>th</sup> ; first day of second following month if plan selected between the 16 <sup>th</sup> and the last day of the month

# What does not trigger a SEP?

- Voluntarily dropping other coverage
- Loss of eligibility for coverage when the person was not enrolled in it (i.e., loses job, but was not in the employer's health plan)
- Being determined newly eligible for Marketplace subsidies – unless already enrolled in a QHP
- Income change on its own
- Being terminated from other coverage for not paying premiums or for fraud
- Divorce or death of a family member without a resulting loss of coverage

# Example: No SEP for Income Change

- Carla's employer offers coverage, but she does not enroll.
- Carla finds out in May (after open enrollment ends) that her work hours are being reduced and no longer eligible for employer coverage.
  - Her income is dropping and she would be eligible for subsidies in the exchange.
  - But this does not trigger a SEP.
  - Carla must wait to get coverage until the next open enrollment period.





Part II:

# **EXEMPTIONS FROM THE INDIVIDUAL RESPONSIBILITY REQUIREMENT**

# Requirement to Have Health Coverage: Key Points

- Everyone is required to have *minimum essential coverage* (MEC) in 2014
  - Most govt-sponsored and private insurance is MEC
- Those without MEC will pay a shared responsibility payment, unless exempt
  - Taxpayer is responsible for dependents
- Coverage requirement, penalties, and most exemptions apply on a monthly basis
  - A person has coverage for the month if they have coverage for at least *one day* in the month
  - A person is eligible for an exemption for the month if they are exempt for at least *one day* in the month

# Exemptions from the Penalty

## Granted by Marketplace

- Hardship, including:
  - Life circumstances
  - Insurance is unaffordable (*based on projected income*)
  - State failure to expand Medicaid
  - Eligible for Indian Health services
  - Plan cancellation
- Member of certain religious sects

## Granted at Tax Filing

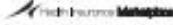
- Income below filing threshold
- Insurance is unaffordable (*based on actual income*)
- Certain noncitizens
- Short coverage gap (< 3 months)
- Months prior to effective date of MEC that is effective on or before May 1, 2014

## Granted by the Marketplace or at Tax Filing

- Indian tribe membership
- Incarceration
- Health care sharing ministry

# Exemptions Granted by the Marketplace

- The consumer must **apply** to the Marketplace in a timely way with supporting documentation
  - Exception: Some people who are eligible for the Medicaid coverage gap exemption
- A consumer is eligible to purchase **catastrophic coverage** (even if age 30 or over) if:
  - (1) they receive an exemption based on hardship or affordability, and
  - (2) they are in an open or special enrollment period
- In most cases, a person who is granted an exemption by the Marketplace must **report a change in circumstances**.

 Form Approved  
OMB No. 0918-1190  
07/13/2013

**Application for Exemption from the Shared Responsibility Payment for Individuals who are Unable to Afford Coverage and are in a State with a Federally Facilitated Marketplace**

**Use this application to apply for an exemption from the shared responsibility payment**

Starting in 2014, every person needs to have health insurance or make a payment on his or her federal income tax return. This is called the "shared responsibility payment." Some people are exempt from making this payment. This application includes one category of exemption. There are other applications for other categories of exemptions, and you'll also see some exemption categories when you file your federal income tax return.

You don't need to ask for an exemption if you're not going to file a federal income tax return because your income is below the filing threshold. If you aren't sure, you may want to ask for an exemption.

**Who can use this application?**

Use this application if you're unable to afford coverage. If you get this exemption, you may be able to buy catastrophic coverage. Use this application to ask for an exemption for months in the future. If you want this exemption for a whole calendar year, you need to request it before the year starts. You can also claim an exemption on your federal income tax return if you're unable to afford coverage.

You can use one application to ask for this exemption for more than one person in your tax household.

**THINGS TO KNOW**

**What you need to apply**

Social Security numbers (SSNs), if you have them. Employer and income information for everyone in your family (for example, from pay stubs, W-2 forms, or wage and tax statements.) Information about any job-related health insurance available to your family. Proof of your yearly income for 2014. See page 9 for examples of documents you can send.

We ask for Social Security numbers and other information to make sure your exemption is counted when you file your federal income tax return. We'll keep all the information you give private and secure, as required by law. To view the Privacy Act Statement, go to [HealthCare.gov](#) or see instructions.

**What happens next?**

Send your complete, signed application to the address on page 8. We'll follow-up with you within 1-2 weeks and let you know if we need additional information. If you get this exemption, we'll give you an Exemption Certificate Number that you'll put on your federal income tax return. If you don't hear from us, visit [HealthCare.gov](#), or call the Health Insurance Marketplace Help Center at 1-800-318-2596. TTY users should call 1-855-889-4325.

**Get help with this application**

Online: [HealthCare.gov](#). Phone: Call the Health Insurance Marketplace Call Center at 1-800-318-2596. In person: There may be counselors in your area who can help. Visit [HealthCare.gov](#) or call 1-800-318-2596 for more information. En Español: Llame a nuestro centro de ayuda gratis al 1-800-318-2596.

# Marketplace Exemptions: Hardship

## Hardship Exemptions Granted by Marketplace

### Financial or domestic circumstances

- ◆ Homelessness
- ◆ *Eviction in the last 6 months or facing eviction or foreclosure*
- ◆ Utility shut-off notice
- ◆ Bankruptcy
- ◆ Domestic violence
- ◆ Recent death of family member
- ◆ Disaster that resulted in significant property damage
- ◆ Debt from medical expenses
- ◆ High expenses caring for ill, disabled or aging relative
- ◆ Failure of another party to comply with a medical support order for a dependent child who is determined ineligible for Medicaid or CHIP
- ◆ Through an appeals process, determined eligible for a Marketplace QHP, PTC, or CSR but was not enrolled
- ◆ Individual health insurance plan was cancelled and Marketplace plans are considered unaffordable
- ◆ Other hardship in obtaining coverage (including for people in AmeriCorps, VISTA and NCCC who are enrolled limited duration or self-funded coverage)

### Duration

At least one month before and after hardship

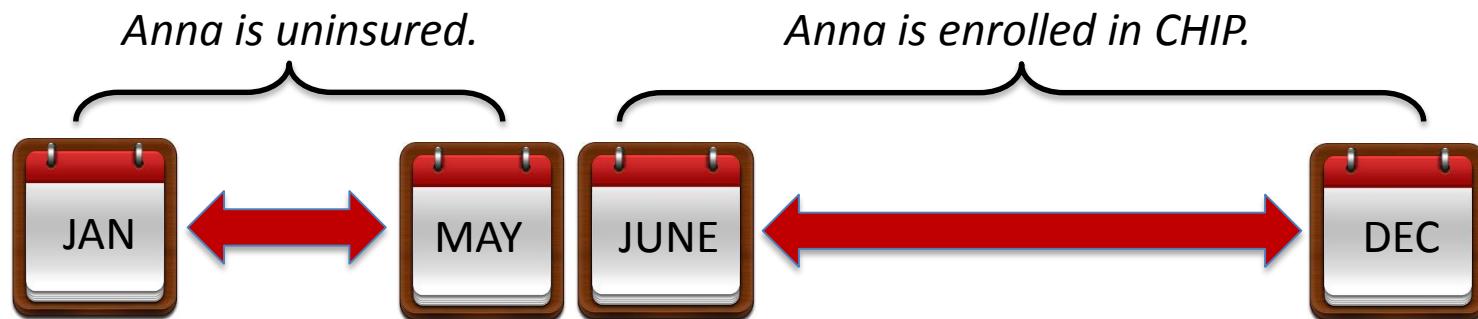
### When Can I Apply?

Up to 3 years after the month of the hardship (but documentation is required in most circumstances so earlier is better)



## Example: Hardship

- Rose also lives with her daughter, Anna, who is also uninsured.
- Under a medical support order, Rose's ex-husband is required to provide health insurance for Anna. He fails to do this.
- Anna is uninsured in 2014 until June when Rose enrolls her in CHIP.

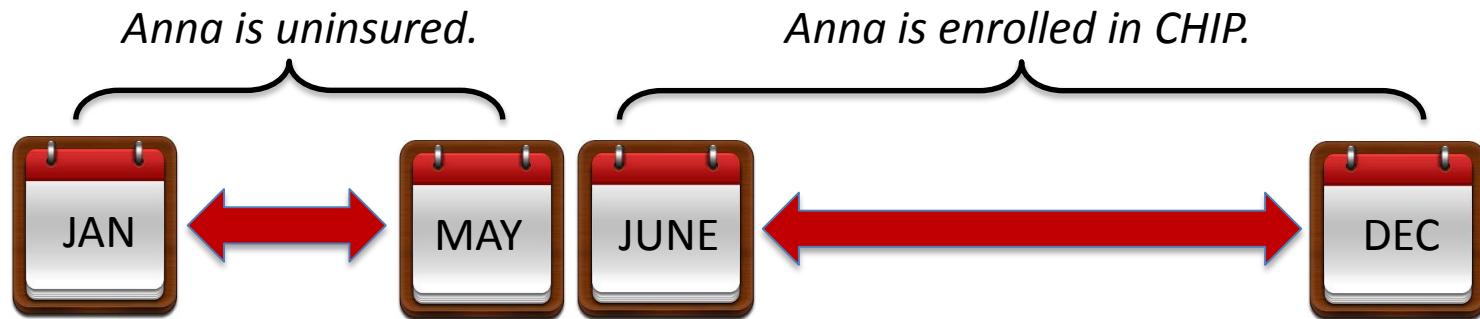


- Rose claims Anna on her tax return. Is she responsible for the penalty for Anna for January through May?
  - Yes. Rose cannot claim the hardship exemption for the other parent's failure to fulfill a medical support agreement because Anna was not determined ineligible for Medicaid or CHIP during those months.



## Example: Hardship

- Rose also lives with her daughter, Anna, who is also uninsured.
- Under a medical support order, Rose's ex-husband is required to provide health insurance for Anna. He fails to do this.
- Anna is uninsured in 2014 until June when Rose enrolls her in CHIP.



- Instead assume that Anna's father claims her as a dependent. Does the exemption apply? If not, who is responsible for the penalty?
  - No, the exemption does not apply because he is both the parent claiming the child and the parent who was responsible for coverage. Anna's father will pay the penalty for the months she was uninsured.*

# Marketplace Exemptions: Hardship

## Hardship Exemptions Granted by Marketplace

**Lack of affordable coverage based on projected income (>8% of household income)**

**Household income = adjusted gross income (including taxable portion of SS) + foreign income + tax-exempt interest**

- ◆ *For a person who is eligible for employer-sponsored insurance (ESI) that is minimum value, coverage is unaffordable if:*
  - For the employee: the lowest cost self-only plan costs more than 8% of household income.
  - For members of the employee's family: the lowest cost family plan costs more than 8% of household income.
  - ESI costs more than 8% of household income due to failure to qualify for wellness discounts.
  
- ◆ *For a person who is not eligible for employer-sponsored insurance (ESI) that is minimum value, coverage is unaffordable if:*
  - Lowest cost bronze plan (after premium tax credits) for all non-exempt members of the taxpayer's family costs more than 8% of household income.

## Duration

Future months in the year.

Special rule: Applies regardless of change in circumstances

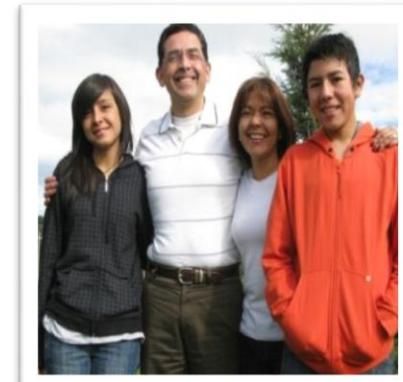
## When Can I Apply?

Apply during open enrollment or special enrollment period. The exemption only covers future months. To be exempt for the entire year, apply before the year starts.

## Example: Affordability Exemption

Sonia Reyes is offered health insurance at work but she doesn't accept it. Do she and her family qualify for an exemption based on affordability?

- Household Income: \$47,000
- Sonia's premium for employee-only plan: \$196/mo (\$2,350/yr) *5% of income*
- Sonia's premium for employee plus children: \$392/mo (\$4,700/yr) *10% of income*
- No spousal coverage is offered



Test for Sonia (*an employee with an offer of ESI*)

Does the lowest-cost plan that covers only the employee cost more than 8% of household income?

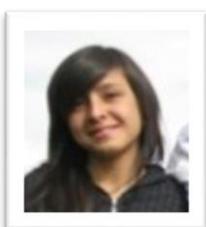
No, the lowest cost employee-only plan is 5% of income. The plan is considered affordable. Sonia does not qualify for exemption on the basis of affordability.

## Example: Affordability Exemption

Sonia Reyes is offered health insurance at work but she doesn't accept it.

Do she and her family qualify for an exemption based on affordability?

- Household Income: \$47,000
- Sonia's premium for employee-only plan: \$196/mo (\$2,350/yr) *5% of income*
- Sonia's premium for employee plus children: \$392/mo (\$4,700/yr) *10% of income*
- No spousal coverage is offered



**Test for the kids** (*family members with an offer of ESI*)

Does the lowest-cost plan that covers the kids cost more than 8% of household income?



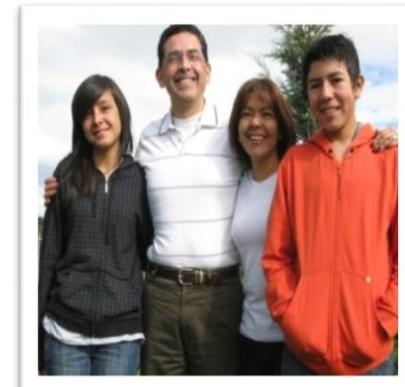
Yes, the kids are eligible for an exemption because the cost of ESI is greater than 8% of household income.

**What about Medicaid or CHIP?** The children may be eligible for Medicaid or CHIP, but eligibility for those programs is not taken into account in awarding this exemption.

# Example: Affordability Exemption

Sonia Reyes is offered health insurance at work but she doesn't accept it.  
 Do she and her family qualify for an exemption based on affordability?

- Household Income: \$47,000
- Sonia's premium for employee-only plan: \$196/mo (\$2,350/yr) *5% of income*
- Sonia's premium for employee plus children: \$392/mo (\$4,700/yr) *10% of income*
- No spousal coverage is offered



**Test for Dad** (*a person without an offer of ESI*)

Does the lowest-cost bronze plan covering only Dad in the Marketplace, after accounting for premium tax credits, cost more than 8% of household income?

His lowest cost bronze plan is \$2,000 (4% of household income), taking into account premium tax credits. The plan is considered affordable. He is not eligible for this exemption.

# Marketplace Exemptions: Hardship

Hardship Exemptions Granted by Marketplace	Duration
<p>Ineligible for Medicaid based on state decision not to expand</p> <ul style="list-style-type: none"> <li>Exemption for people in the coverage gap with income up to <u>138%</u> of the federal poverty line (even though people between 100 and 138% FPL may be eligible for PTC)</li> </ul>	<p>Entire year <i>unless there is a change in circumstance</i></p> <p><b>When Can I Apply?</b></p> <p>A determination/assessment can be obtained at any point in the year</p>

## Exemption is automatic if you:

- Submitted an application via healthcare.gov anytime after October 1, 2013, and
- Were determined/assessed to be ineligible for Medicaid due to the state's decision not to expand, and
- Have income under 100% FPL.

## Apply for an exemption if you:

- Submitted an application via healthcare.gov anytime after October 1, 2013, were determined/assessed to be ineligible for Medicaid, and have income between **100-138% FPL**, or
- Received a determination directly from your state Medicaid office.

# Example: Medicaid Coverage Gap

## Scenario 1

In January, Jane knew she was in the coverage gap and did not apply for Medicaid.



Jane's health insurance starts August 1.



Jane cannot use the Medicaid exemption for Jan-July because she didn't apply for Medicaid.

**JANE** is unemployed until she gets a job in July. Her insurance starts August 1.  
**Income:** \$11,000  
**Residence:** Texas



## Scenario 2

In January, Jane applies for coverage on healthcare.gov.



Her income is <100% FPL. She is denied because she's in the coverage gap.



Jane is automatically exempt January – July. She must report the start of her new insurance in August and will lose the exemption.

# Exemptions at Tax Filing

## Exemptions Granted by the IRS at Tax Filing

### Income below filing threshold

*Single: \$10,150*

*Head of Household: \$13,050*

*Married Filing Jointly: \$20,300*

*Married Filing Separately: \$3,950*

*Qualifying Widow/er with Dependent Child: \$16,350*

\*Figures are for 2014, for taxpayers under age 65

- ◆ A taxpayer doesn't need to file a tax return in order to claim this exemption.

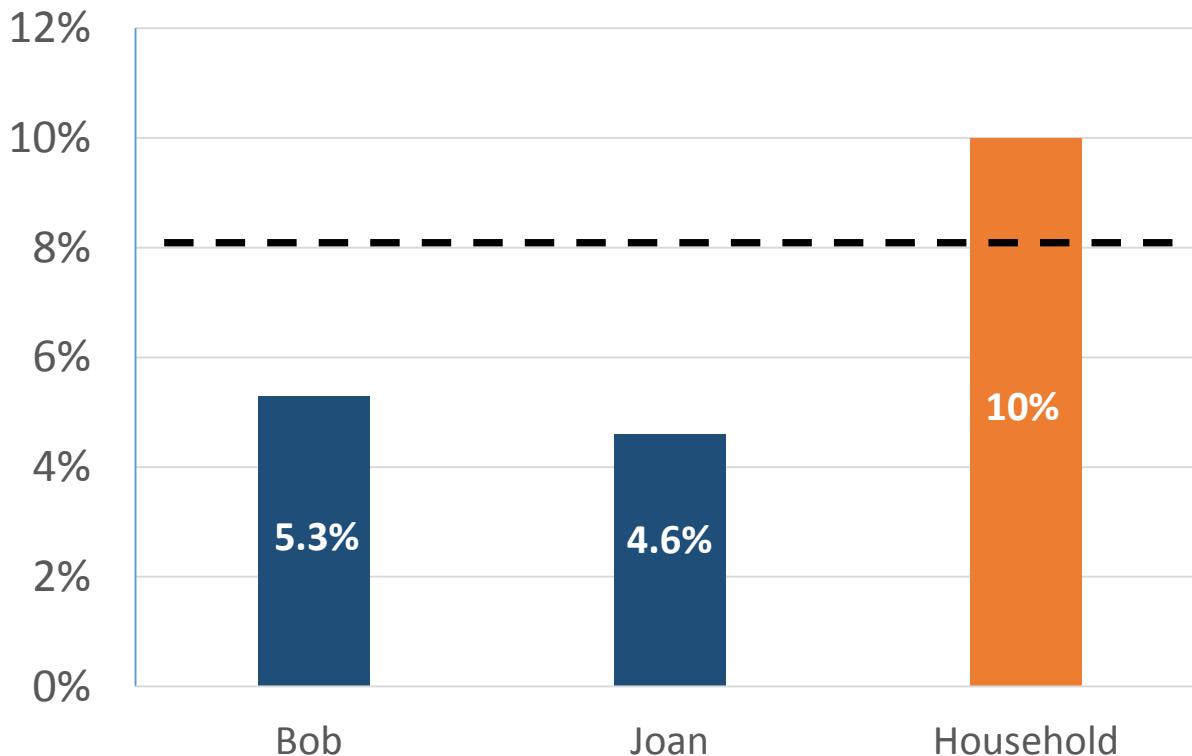
### Lack of affordable coverage (>8% of actual household income)

- ◆ Similar to the rules for a Marketplace exemption for lack of affordable coverage.
- ◆ Additional exemption available when both spouses are eligible for employer-sponsored insurance if the combined cost of coverage is greater than 8% of income.

# Exemption: Aggregate Cost of Coverage

Bob and Joan have jobs that offer health coverage.

- **Household Income:** \$45,000
- **Premium cost for Bob:** \$2,400/year *5.3% of income*
- **Premium cost for Joan:** \$2,100/year *4.6% of income*
- **Aggregate cost:** \$4,500/year *10% of income*



- ◆ Bob and Joan are not eligible for PTC because they each have affordable coverage.
- ◆ *However*, if they don't enroll in employer coverage, they can claim an exemption because the total cost exceeds 8% of income.



# Exemptions at Tax Filing

## Types of Exemptions Granted by the IRS

**Income below filing threshold**

**Insurance is unaffordable (>8% of household income)**

**Certain noncitizens (nonresident aliens or undocumented residents)**

**Short coverage gap (< 3 months)**

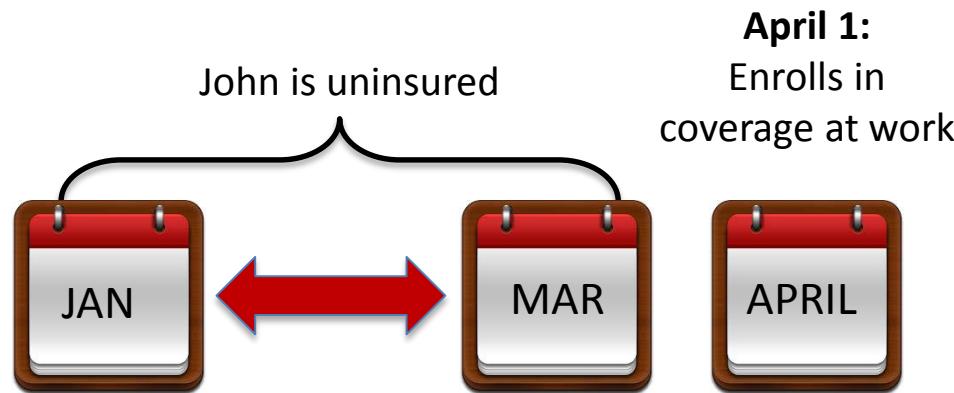
- ◆ If the coverage gap is 3 months or longer, none of the months in the gap qualify for exemption.
- ◆ If there are multiple gaps in a year, only the first gap qualifies.



# Exemption: Short Coverage Gap



John doesn't have insurance in January, February or March. He gets a new job in March and his insurance starts April 1.



John does not qualify for the exemption for a short coverage gap because the gap is not *less than* three full calendar months.

However, there is a new exemption...

# Exemptions at Tax Filing

## Types of Exemptions Granted by the IRS

**Income below filing threshold**

**Insurance is unaffordable (>8% of household income)**

**Noncitizen (nonresident alien or undocumented resident)**

**Short coverage gap (< 3 months)**

- ◆ If the coverage gap is 3 months or longer, none of the months in the gap qualify for exemption.
- ◆ If there are multiple gaps in a year, only the first gap qualifies.

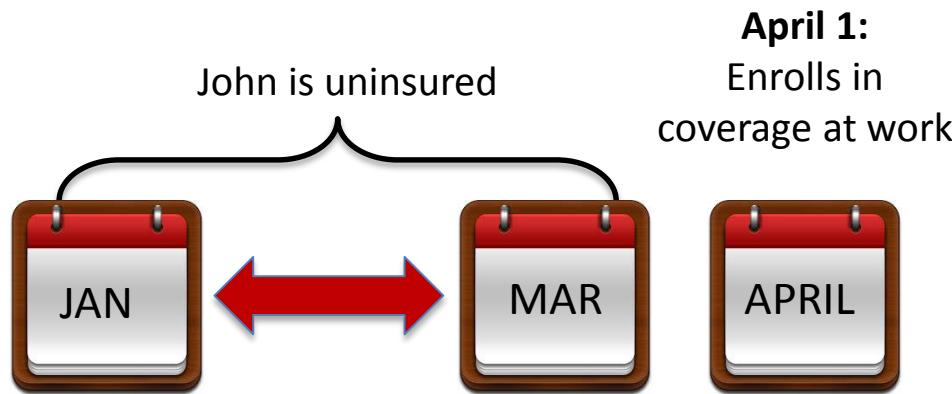
**Months prior to effective date of MEC effective on or before May 1, 2014**

- ◆ A person who enrolls in Marketplace coverage or Medicaid or CHIP or other individual or group insurance with an effective date on or before May 1, 2014 can receive an exemption for their coverage gap at the beginning of 2014. Applies to FFM and SBMs.

# Exemption: MEC effective May 1



John doesn't have insurance in January, February or March. He gets a new job in March and his insurance starts April 1.

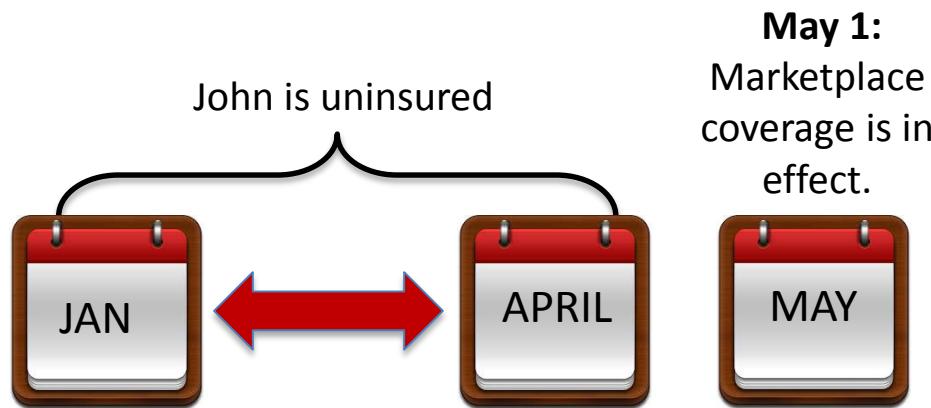


John qualifies for an exemption for months prior to the effective date of MEC that is effective on or before May 1.

# Exemption: MEC Effective May 1



John is uninsured. He starts his healthcare.gov application on March 31, is “in line,” and enrolls in Marketplace coverage on April 10. His coverage effective date is May 1.



John does qualify for an exemption on his tax return for January-April because his MEC begins on or before May 1.

# Exemptions at Tax Filing

## Types of Exemptions Granted by the IRS

**Income below filing threshold**

**Insurance is unaffordable (>8% of household income)**

**Noncitizen (nonresident alien or undocumented resident)**

**Short coverage gap (< 3 months)**

**Months prior to effective date of MEC effective on or before May 1, 2014**

### Transition rule for employer-sponsored coverage

A person who had an offer of employer-sponsored coverage with a plan year that *began in 2013* is not subject to the shared responsibility payment for the months in 2014 covered by that plan year, even if the person failed to enroll in the plan.



## Example: Choosing among exemptions

- Jay and Kim are married. They are starting a dog walking service and estimate 2014 income of **\$18,000 (116% FPL)**.
- At healthcare.gov, they find out that they are not eligible for Medicaid (in a non-expansion state) but are eligible for PTC.
- But it's May 7 and they learn that enrollment is closed. They don't qualify for a SEP. They are uninsured the entire year.



Exemption	Are they eligible?	Duration of the exemption	What do they do to claim the exemption?
Medicaid coverage gap	Yes. Even though they are eligible for PTC, they qualify for this exemption.	All year but must report changes that would cause loss of eligibility	Submit a hardship application to Marketplace, with the eligibility determination as documentation
Affordability based on projected income	Not right now. Only available during a special or open enrollment period.	Future months in the year.	N/A
Affordability based on actual income	Maybe, if Marketplace coverage after PTC costs more than 8% of income	All year	This is claimed on the tax return.
Below filing threshold	Maybe. Projected income is \$18,000 but if their income is higher than expected, they may end up over the filing threshold (\$20,300 if MFJ) and ineligible	All year	This is claimed on the tax return, if one is filed. If no return is filed, the exemption applies automatically.

# Resources

## Special Enrollment Periods

- Regulations are found at 45 CFR 155.420
- [Proposed regulations](#) modifying 45 CFR 155.420, published on March 21, 2014
- June 2013 guidance on SEPs triggered by loss of hardship exemption:  
<http://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/exemptions-guidance-6-26-2013.pdf>
- March 2014 guidance on SEPs for complex cases: <http://marketplace.cms.gov/help-us/complex-cases-sep.pdf>
- Three new SEPs (w/ hardship exemption) as of May 2, 2014:  
<http://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/SEP-and-hardship-FAQ-5-1-2014.pdf>
- March 31, 2014, guidance on victims of domestic violence:  
<http://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/victims-domestic-violence-guidance-3-31-2014.pdf>

## Exemptions and Penalties

- Individual Shared Responsibility Provision Exemptions: <http://www.irs.gov/uac/ACA-Individual-Shared-Responsibility-Provision-Exemptions>
- From Healthcare.gov: [www.healthcare.gov/exemptions](http://www.healthcare.gov/exemptions)
- Tax Policy Center's ACA Tax Penalty Calculator:  
<http://taxpolicycenter.org/taxfacts/acacalculator.cfm>

# Contact Information

- Judy Solomon, [solomon@cbpp.org](mailto:solomon@cbpp.org)
  - Twitter: @JudyCBPP
- Tara Straw, [tstraw@cbpp.org](mailto:tstraw@cbpp.org)
- Halley Cloud, [cloud@cbpp.org](mailto:cloud@cbpp.org)
- For questions, please email [beyondthebasics@cbpp.org](mailto:beyondthebasics@cbpp.org)

For more information and resources, please visit:

[www.healthreformbeyondthebasics.org](http://www.healthreformbeyondthebasics.org)