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Key Facts You Need to Know About: Renewing Advance Premium Tax Credits for 2017 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 (FFM) will renew eligibility for 2017 advance premium tax credits and briefly explain how the FFM 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 the FFM, 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 Healthcare.gov 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, the FFM will enroll people in a new plan that is as similar as possible to their current plan.

How will the FFM 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 APTCs automatically renewed. They must return to Healthcare.gov and provide updated information to renew their APTC for 2017. 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 2017 and whose can't?

Before open enrollment, the FFM will check Internal Revenue Service (IRS) data and use information from enrollees' 2015 tax returns to determine whether or not their APTC can be auto-renewed for 2017 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 for 2017. However, the FFM will notify a small number of enrollees 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 2017. 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, the FFM 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 in 2017.
- **Failure to File Group.** People in this group received APTCs in 2015 but did not file a 2015 tax return. The ACA requires that people file a tax return for any year in which they receive APTCs. 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 APTCs for enrollees who did not file a tax return in the previous tax filing year. This means that for 2017, if a person received

APTC in 2015 and did not file a tax return to reconcile her APTC for 2015, then the FFM will discontinue APTCs for 2017.

- **Special Notice Group.** People in this group have 2015 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 2017 income that would make them ineligible for APTCs.
- **Eligibility Information is Outdated Group.** This is a small group of people who were automatically re-enrolled in marketplace coverage with APTC in both 2015 and 2016, did not return to the marketplace to update their eligibility in those years, and did not file a tax return for 2014 or 2015.

Individuals who fall into any of these groups will receive a notice saying that unless they take action, they will not receive APTCs in 2017 for one of the four 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 2017.

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 2017, and if so, any key changes to benefits and cost-sharing between the 2016 and 2017 plans
- Information about the 2017 plan's premium
- 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
- 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.

The FFM 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 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 a notice with this information from the marketplace, but enrollees who fall into the opt out, failure to file, special notice, or eligibility is outdated groups described above will receive an additional notice telling them they need to return to Healthcare.gov and update their eligibility in order to continue receiving the APTC in 2017.

What will people in the “failure to file” group need to do to continue receiving APTC for 2017?

People who receive a notice from the marketplace saying that they must file a 2015 tax return to reconcile the APTC they received for 2015 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 2015 APTC. The FFM will later verify this information with the IRS, and if the IRS cannot verify that a 2015 tax return was filed, APTC may be discontinued.

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

For 2017, 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, adjusted to 2017. The FFM has three sources of income it can use to redetermine enrollees' APTC eligibility, based on the following hierarchy:

- **Projected 2016 income, adjusted to 2017.** Enrollees who have projected 2016 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 2016, or reported a change in income in 2016. If an enrollees' projected 2016 income, adjusted to 2017, is below 100 percent FPL (except for certain non-citizens), the FFM will use enrollees' 2015 tax return information.
- **2015 tax return income, adjusted to 2017.** If the FFM doesn't have projected 2016 income, it will use the enrollee's income from his 2015 tax return. Enrollees who may be in this situation include those who received and reconciled a 2015 APTC, but who did not update their eligibility during the last open enrollment period. However, two exceptions apply. First, enrollees whose 2015 tax return income, when adjusted to 2017, goes over 400 percent FPL will not be able to auto-renew

their APTC for 2017. Second, the FFM will use enrollees' projected 2015 income for enrollees whose 2015 tax return income, when adjusted to 2017, is below the poverty line.

- **Projected 2015 income, adjusted to 2017.** If the FFM doesn't have projected 2016 income or 2015 tax return income, it will use enrollees' projected 2015 income to redetermine and recalculate the 2017 APTC.

If the FFM does not have projected 2015 or 2016 income, or 2014 or 2015 tax return income — and the consumer was auto-enrolled in APTC in both 2015 and 2016 —the FFM will discontinue APTC for 2017.

How will the FFM adjust 2015 or 2016 income to 2017?

Regardless of the income source the FFM uses, it will adjust for expected income growth from 2015 or 2016 to 2017. 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 2017. For example, if the FFM is using 2015 projected income, it will adjust that income to 2017 by applying the rate of growth in the FPL used to determine APTC eligibility in 2015 (which is the 2014 poverty thresholds) to the FPL used to determine eligibility in 2017 (which is the 2016 poverty thresholds). Table 1 lists the expected income growth from 2015 and 2016 to 2017 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 2015 tax return was \$20,000, and this is the income information that the FFM has available to redetermine APTC eligibility in 2017. The percentage change in the poverty guidelines used to determine 2015 and 2017 APTC eligibility is 1.0180 (\$11,880 divided by \$11,670). The

Family Size	From 2015 to 2017	From 2016 to 2017
1	1.0180	1.0093
2	1.0184	1.0056
3	1.0187	1.0035
4	1.0189	1.0021

FFM would apply this growth rate to the enrollee's 2015 income to get a projected 2017 income of \$20,360.

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 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 people's APTC for 2017.

- **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 2017?

If people enrolled in coverage through the FFM don't select a plan for 2017 during open enrollment before December 15, 2016, they will be automatically re-enrolled into the same plan they currently have. If the enrollee's current plan is no longer offered, the FFM will enroll him in a new plan that is as similar as possible to his 2016 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 moved to 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. 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 they are enrolled in a plan that best meets their needs.

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

Yes, if they return to the marketplace during open enrollment. Enrollees who don't come back to the marketplace to update their application and select a plan by December 15, 2016, will be auto-enrolled in a plan for 2017. However, if they return to the marketplace after December 15 and before the end of open enrollment (on January 31, 2017), they can update their eligibility information, browse plan options and enroll in a different plan.

Following regular coverage effective dates, if a plan is selected between the 1st and the 15th of the month, coverage will begin the first day of the following month. If a plan is selected between the 16th and the last day of the month, coverage won't begin until the next following month. For example, if a person is auto-enrolled in coverage that will begin January 1, 2017, and then returns to the marketplace to update their eligibility and select a different plan on December 20, 2016, the new coverage will not begin until February 1, 2017.