Part I:
Premium Tax Credits
Coverage Year 2019
Open enrollment will run from November 1 through December 15, 2018: **45 days in total**

- State-Based Marketplaces can extend the open enrollment period by adding a supplemental special enrollment period.
## State-Based Marketplaces Can Extend Open Enrollment

### State-Based Marketplaces Open Enrollment Periods for 2019 Coverage

<table>
<thead>
<tr>
<th>State</th>
<th>Open Enrollment Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>California</td>
<td>October 15, 2018 – January 15, 2019</td>
</tr>
<tr>
<td>Colorado</td>
<td>November 1, 2018 – January 15, 2019</td>
</tr>
<tr>
<td>Connecticut</td>
<td>November 1, 2018 – December 15, 2018 *not extended</td>
</tr>
<tr>
<td>District of Columbia</td>
<td>November 1, 2018 – January 31, 2019</td>
</tr>
<tr>
<td>Idaho</td>
<td>November 1, 2018 – December 15, 2018 *not extended</td>
</tr>
<tr>
<td>Maryland</td>
<td>November 1, 2018 – December 15, 2018 *not extended</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>November 1, 2018 – January 23, 2019</td>
</tr>
<tr>
<td>Minnesota</td>
<td>November 1, 2018 – January 13, 2019</td>
</tr>
<tr>
<td>New York</td>
<td>November 1, 2018 – January 31, 2019</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>November 1, 2018 – December 31, 2018</td>
</tr>
<tr>
<td>Vermont</td>
<td>November 1, 2018 – December 15, 2018 *not extended</td>
</tr>
<tr>
<td>Washington</td>
<td>November 1, 2018 – December 15, 2018 *not extended</td>
</tr>
</tbody>
</table>
General Overview of the Coverage Landscape

Source: Based on a national survey conducted by Kaiser Family Foundation with the Georgetown University Center for Children and Families, 2018: www.kff.org/medicaid/fact-sheet/where-are-states-today-medicaid-and-chip
Premium Tax Credit Eligibility
### What is the Premium Tax Credit?

**Premium tax credit (PTC):** Assistance with the cost of coverage for people purchasing coverage in the Health Insurance Marketplaces.

#### PTC CAN BE TAKEN:

<table>
<thead>
<tr>
<th>In advance:</th>
<th>At tax time:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forwarded to insurer monthly to reduce premiums</td>
<td>Claimed as a lump sum at the end of the year</td>
</tr>
</tbody>
</table>

**PTC Diagram:**
- **IRS** to **Subsidized Monthly Premium**
- **Advance PTC** to **Reconciliation (at tax time)**
- **Subsidized Monthly Premium** to **Plan A**
- **Plan A** to **Full Monthly Premium**
- **Full Monthly Premium** to **PTC (at tax time)**
- **PTC (at tax time)** to **IRS**
**Premium Tax Credit Eligibility**

**Income: 100-400% FPL**
- Income must be between 100% and 400% of the federal poverty line
- Some exceptions apply

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

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

- In addition, requirements to enroll in Marketplace coverage include:
  - 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 service area of the Marketplace

*For a list of immigration statuses considered “lawfully present,” see Healthcare.gov: [www.healthcare.gov/immigrants/immigration-status](http://www.healthcare.gov/immigrants/immigration-status)
1. Income Requirements: Between 100 – 400% FPL

Exception to the 100% FPL limit:

- Lawfully present individuals with income under the poverty line are eligible for PTC if they are ineligible for Medicaid because of their immigration status
- 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
  → **New!** If someone attests on the application to having income above 100% FPL, but tax data say otherwise, the applicant may be asked to verify their income projection

Exception to the 400% FPL limit:

- None! If a taxpayer’s income is 401% FPL or higher, the entire credit must be repaid

<table>
<thead>
<tr>
<th>Household Size</th>
<th>% of Federal Poverty Line (2018 guidelines)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>1</td>
<td>$12,140</td>
</tr>
<tr>
<td>2</td>
<td>$16,460</td>
</tr>
<tr>
<td>3</td>
<td>$20,780</td>
</tr>
<tr>
<td>4</td>
<td>$25,100</td>
</tr>
<tr>
<td>5</td>
<td>$29,420</td>
</tr>
</tbody>
</table>

Note: 2018 federal poverty guidelines are used to determine eligibility for 2019 coverage.
2. Ineligible for Other MEC

• To qualify for PTC, a person cannot be eligible for another type of minimum essential coverage (MEC)
  → An **offer** of qualifying MEC bars eligibility, even if it is not taken

• To bar eligibility for PTC, the offer of MEC generally must be:
  
  **Considered affordable** (for offers of employer coverage)
  • Offers of employer coverage that cost under a certain percentage of household income bar eligibility for PTC

  **Comprehensive**
  • An offer of coverage with comprehensive benefits generally bars eligibility for PTC
    → Most types of public coverage
    → Employer coverage that meets a “minimum value” standard

For more information on what counts as MEC, see the Health Reform: Beyond the Basics MEC Reference Chart
**Government-Sponsored Coverage Options**

To bar eligibility for PTC, government-sponsored coverage must have comprehensive benefits.

<table>
<thead>
<tr>
<th>Comprehensive Benefits (NOT ELIGIBLE FOR PTC)</th>
<th>Limited Benefits (ELIGIBLE FOR PTC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicare Part A (premium free)</td>
<td>Medicaid providing only:</td>
</tr>
<tr>
<td>Medicare Advantage</td>
<td>- Family planning services</td>
</tr>
<tr>
<td>Most Medicaid</td>
<td>- Tuberculosis-related services</td>
</tr>
<tr>
<td>CHIP</td>
<td>- Emergency treatment</td>
</tr>
<tr>
<td>State high-risk insurance pools beginning on</td>
<td>- Pregnancy-related services*</td>
</tr>
<tr>
<td>or before 12/31/14</td>
<td></td>
</tr>
<tr>
<td>Refugee Medical Assistance</td>
<td>Medicaid coverage of the medically</td>
</tr>
<tr>
<td>Most TRICARE</td>
<td>needy*</td>
</tr>
<tr>
<td>DoD Continuation Coverage</td>
<td>1115 Medicaid demonstration*</td>
</tr>
<tr>
<td>(Nonappropriated Fund Health Benefits Program)</td>
<td>Voluntary Medicare**</td>
</tr>
<tr>
<td>Peace Corps coverage</td>
<td>Space-available TRICARE</td>
</tr>
<tr>
<td></td>
<td>Line-of-duty TRICARE</td>
</tr>
<tr>
<td></td>
<td>AmeriCorps</td>
</tr>
<tr>
<td></td>
<td>AfterCorps (returning Peace Corps</td>
</tr>
<tr>
<td></td>
<td>members)</td>
</tr>
</tbody>
</table>

* Coverage benefits vary by state (see [state-by-state MEC designations](#)). If coverage consists of or is equivalent to full Medicaid benefits, it is considered MEC and bars eligibility for PTC.

** Comprehensive but considered unaffordable regardless of income
Employer-Sponsored Insurance (ESI)

• To bar eligibility for PTC, offers of employer coverage must **both**:
  1. Meet minimum value (MV), **and**
  2. Be considered affordable

• *Jumping the firewall*: If the offer does not meet these requirements, the employee is eligible for PTC despite offer of coverage
If an offer of employer coverage does not meet MV, the employee is eligible for PTC despite the offer

Minimum Value

An employer plan does not meet minimum value if:

- It has an actuarial value of less than 60%

Actuarial value = % the plan pays of the cost of coverage for essential health benefits for a typical population, after accounting for cost-sharing charges required under the plan

Tell us about JobABC’s health coverage.

First, print out and take the Employer Coverage Tool to JobABC to collect the information you need for this section to fill out the application. Instructions on the Employer Coverage Tool provide a step-by-step guide for using the tool to answer the questions in this section.

Does JobABC offer a health plan that meets the minimum value standard?

- Yes
- No
- I don’t know
Jumping the Firewall: Affordability

If an offer of employer coverage is considered unaffordable, the employee is eligible for PTC despite the offer

Affordability

An employer plan is considered **unaffordable if**:

- Employee contribution for self-only coverage is more than 9.86% of household income (in 2019)

*Employee contribution for self-only coverage is used to determine affordability for both the employee and other members of the family offered coverage*
Offer of coverage through a family member’s employer

- Employee contribution for self-only coverage is used to determine affordability for both the employee and other members of the family offered coverage
  
  "**Family glitch**: If the cost of the plan that covers the employee only is considered affordable, then any member of the family who is offered coverage through that employer is also ineligible for PTC (regardless of the actual cost of family coverage)

- **Exception**: If a family member is not on the same tax return as the employee, the offer of employer coverage does not bar eligibility for PTC regardless of cost
Example: Offers of ESI and Eligibility for PTC

- Monica and Roberto are married and have two children, Elena and Miguel
- Their household income is $40,000
- Monica’s employer offers one plan that meets minimum value. There are two premium options:
  - Just Monica -- $150 per month; or
  - Monica and family -- $450 per month
- Monica wants to know if she could qualify for PTC, despite her offer of ESI
Example: Offers of ESI and Eligibility for PTC

Summary of Plan Costs and Household Income

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Household Income</td>
<td>$40,000</td>
</tr>
<tr>
<td>Employee-only premium cost</td>
<td>$150/month</td>
</tr>
<tr>
<td>Employee + family premium cost</td>
<td>$450/month</td>
</tr>
<tr>
<td>Minimum value (MV)</td>
<td>Yes (80% AV)</td>
</tr>
</tbody>
</table>

Does this offer of ESI make Monica or her family ineligible to receive PTC?

Employee firewall test:
Is the lowest-cost employee-only premium (for a plan that meets MV) less than 9.86% of household income?
- Monica’s share of the cost of employee-only coverage is 4.5% of household income

Family firewall test:
Same as Monica
- Even though family coverage costs 13.5% of income, the coverage is still considered affordable since employee-only coverage costs less than 9.86% of income

- Monica is not eligible for PTC
- Monica’s family is not eligible for PTC
Example: Offers of ESI and Eligibility for PTC

<table>
<thead>
<tr>
<th>Summary of Plan Costs and Household Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Household Income: $40,000</td>
</tr>
<tr>
<td>Employee-only premium cost: $150/month</td>
</tr>
<tr>
<td>Employee + kids premium cost: $350/month</td>
</tr>
<tr>
<td>Minimum value (MV): Yes (80% AV)</td>
</tr>
<tr>
<td>Spousal coverage: No offer</td>
</tr>
</tbody>
</table>

What if Monica’s employer doesn’t offer spousal coverage?

Firewall test for Monica plus kids:
Same as previous test: Is the employee-only premium less than 9.86% of income?
- Even though the cost to cover Monica and the kids is 10.5% of income, the firewall test only looks at the cost of employee-only coverage, which is 4.5% of income

× Not eligible for PTC

Roberto: No offer of ESI
- No firewall test
- No bar to receiving PTC, if otherwise eligible

✓ Eligible for PTC
Additional Rules and Exceptions in ESI

• If employer coverage is not affordable or MV but the employee enrolls anyway, they are not eligible for PTC in those months
  → Would need to drop the coverage to enroll in a marketplace plan with PTC
  → Note: Dropping coverage for this reason does not trigger a special enrollment period

• If a person could’ve enrolled in employer coverage but missed the employer open enrollment period, that offer still bars eligibility for PTC if it meets affordability and MV standards

• If there is a waiting period before an employee can enroll in an employer plan, then eligible for PTC during those months

• Offers of COBRA or retiree coverage do not bar eligibility for PTC (unless currently enrolled)
  → Student health plans work in the same way. They don’t bar eligibility for PTC (unless currently enrolled)
### Types of ESI That Do NOT Bar Eligibility for PTC

<table>
<thead>
<tr>
<th>In months of a waiting period for ESI</th>
<th>Eligible for COBRA</th>
</tr>
</thead>
<tbody>
<tr>
<td>→ Can enroll in coverage with PTC during months in waiting period</td>
<td>* Unless currently enrolled</td>
</tr>
</tbody>
</table>

#### Eligible for COBRA

**Is Jane Taxpayer currently enrolled in JobABC's health coverage?**
- [ ] Yes
- [ ] No

**Is Jane Taxpayer currently in a waiting or probationary period?**
- [ ] Yes
- [ ] No

**When could Jane Taxpayer enroll in coverage?**

**Is the coverage from JobABC COBRA coverage?**
- [ ] Yes
- [ ] No

**Learn more about COBRA coverage.**

#### Eligible for retiree coverage

**Is Jane Taxpayer a current or former employee of this employer?**
- [ ] Yes
- [ ] No

**What's Jane Taxpayer's current work status at JobABC?** (Select one.)

- [ ] Currently working at this employ
- [ ] Retired

* Unless currently enrolled
Example: Option to Enroll in COBRA

• Last month, Serena left a job where she had health insurance
• She has an offer of COBRA coverage through her former employer, but the premium is very expensive

She does not enroll in COBRA: Can Serena qualify for PTC?

• Yes: The option to enroll in COBRA coverage does not bar a person from eligibility for a premium tax credit or cost-sharing reduction
  → Can enroll in Marketplace coverage at the next open enrollment period or through the special enrollment period triggered by her loss of employer coverage

She does enroll: Can she drop COBRA coverage and qualify for PTC?

• It depends: An offer of COBRA doesn’t bar eligibility for PTC, but once enrolled, the person is no longer eligible for PTC
  → During open enrollment: Serena can drop COBRA and enroll in marketplace coverage with PTC
  → Outside of open enrollment: Dropping COBRA coverage will not trigger a special enrollment period so Serena would not have access to marketplace coverage

Note: Offers of retiree coverage and student health plans have the same rules.
### Example: Coverage Choices for Young Adults

**Kala, 22 years old**
- Graduate student, single tax filer
- Income: $18,500 (152% FPL)
- Her dad’s employer offers family coverage
  - Even though she is no longer a tax dependent, Kala has the option of staying on her parent’s ESI until she reaches age 26
  - Offer does not bar eligibility for PTC because Kala is not on the same tax return as her dad
- Her school offers coverage through a student health plan
  - Offer of a student health plan does not bar eligibility for PTC (unless currently enrolled)

<table>
<thead>
<tr>
<th>OFFER 1: Coverage from Dad’s ESI</th>
<th>OFFER 2: Student Coverage</th>
<th>OFFER 3: Marketplace Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost</strong> $0/month (Dad pays cost)</td>
<td><strong>Cost</strong> $150/month</td>
<td><strong>Cost</strong> $123/month after PTC</td>
</tr>
<tr>
<td><strong>AV</strong> 90% AV</td>
<td><strong>AV</strong> 70% AV</td>
<td><strong>AV</strong> 87% after cost-sharing reduction</td>
</tr>
</tbody>
</table>
3. Eligible Tax Filing Status

Must file a tax return and have an eligible filing status

- Cannot be a dependent of another taxpayer
  → Dependents can be eligible for PTC if the taxpayer who claims them applies on their behalf

- If married, must file a joint return (i.e., cannot be Married Filing Separately)
  → Three exceptions to joint filing requirement:
    o Head of Household
    o Survivors of domestic abuse
    o Abandoned spouses
  → If eligible for exception, can indicate they are not married on application
Head of Household

A married person can claim to be unmarried on the application if they qualify to file as Head of Household. 

When can a married person file as Head of Household?

A married person is *considered unmarried* and is eligible to file as Head of Household if he or she can answer YES to each of the following questions:

- Will you file taxes separately from your spouse?
- Will you live apart from your spouse from July 1 to Dec 31?
- Will you pay more than half of the cost of keeping up your home?
- Is yours the main home of your child, stepchild, or foster child (of any age) for more than half the year?
- Are you eligible to claim the child as a dependent? (You meet this test if you are eligible to claim the child but the child is instead claimed by a noncustodial parent.)

If all the answers are Yes, the applicant is considered unmarried and can file as Head of Household. If the answer to any of these questions is No, the applicant cannot file as Head of Household.

**Note:** A special rule allows the resident spouse of a nonresident (as defined for tax purposes) to qualify as *considered unmarried* if they have a qualifying person and meet the other tests.
Exceptions to the Joint Filing Requirement for PTC

A married person can also claim to be unmarried on the marketplace application under either of these circumstances:

**Domestic abuse**
- A taxpayer who is Married Filing Separately can meet joint filing requirement if:
  - Live apart from their spouse
  - Unable to file a joint return because of domestic abuse

**Abandoned spouses**
- A taxpayer who is Married Filing Separately can meet joint filing requirement if:
  - Live apart from their spouse
  - Unable to locate spouse after using reasonable diligence

**Note:** These exceptions can be used by people filing as “Married Filing Separately” for a maximum of three consecutive years
Calculation of the Premium Tax Credit
How is the Amount of PTC Calculated?

**Premium Tax Credit**
- Difference between the cost of the benchmark plan and the expected premium contribution an individual is expected to pay

**Cost of Benchmark Plan**
- The premium cost of the second lowest cost silver plan available to each eligible household member

**Expected Premium Contribution**
- What an individual is expected to contribute towards the cost of premiums (based on a sliding scale tied to household income)
The benchmark plan is the second lowest cost silver plan available to each eligible household member.

**QHP METAL LEVEL PLAN TIERS**

<table>
<thead>
<tr>
<th>Metal Level</th>
<th>Actuarial Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Platinum</td>
<td>90%</td>
</tr>
<tr>
<td>Gold</td>
<td>80%</td>
</tr>
<tr>
<td>Silver</td>
<td>70%</td>
</tr>
<tr>
<td>Bronze</td>
<td>60%</td>
</tr>
</tbody>
</table>

**Catastrophic coverage**

High deductible health plan available for individuals up to age 30 or those 30 and older who are granted a hardship exemption (PTC do not apply to these plans).

**Actuarial value** is a measure of the percentage of expected health care costs a health plan will cover and is considered a general summary measure of health plan generosity. It represents an average for a population and does not necessarily reflect the actual cost-sharing experience of an individual.
Expected Premium Contributions for 2019 Plan Year

- 2.08%
- 3.11%
- 3.42%
- 4.15%
- 6.54%
- 8.36%
- 9.86%

- 0.0%
- 2.0%
- 4.0%
- 6.0%
- 8.0%

- 0%
- 200%
- 300%
- 400%

Household Income (% of FPL)

Health Reform: Beyond the Basics
## Expected Contributions at Certain Income Levels (2019)

<table>
<thead>
<tr>
<th>% of FPL</th>
<th>Income Amount (For HH of 1 using 2018 FPL)</th>
<th>% of Income</th>
<th>Monthly Dollar Amount (For HH of 1 using 2018 FPL)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 133%¹</td>
<td>&lt;$16,146</td>
<td>2.08%</td>
<td>$28</td>
</tr>
<tr>
<td>133%¹</td>
<td>$16,146</td>
<td>3.11%</td>
<td>$42</td>
</tr>
<tr>
<td>138%¹</td>
<td>$16,753</td>
<td>3.42%</td>
<td>$48</td>
</tr>
<tr>
<td>150%</td>
<td>$18,210</td>
<td>4.15%</td>
<td>$63</td>
</tr>
<tr>
<td>200%</td>
<td>$24,280</td>
<td>6.54%</td>
<td>$132</td>
</tr>
<tr>
<td>250%</td>
<td>$30,350</td>
<td>8.36%</td>
<td>$211</td>
</tr>
<tr>
<td>300%</td>
<td>$36,420</td>
<td>9.86%</td>
<td>$299</td>
</tr>
<tr>
<td>350%</td>
<td>$42,490</td>
<td>9.86%</td>
<td>$349</td>
</tr>
<tr>
<td>400%</td>
<td>$48,560</td>
<td>9.86%</td>
<td>$399</td>
</tr>
<tr>
<td>&gt; 400%</td>
<td>&gt; $48,560</td>
<td>n/a</td>
<td>n/a</td>
</tr>
</tbody>
</table>

¹ Individuals with <138% FPL that would be eligible for Medicaid are ineligible for PTC

**Note:** 2018 federal poverty guidelines are used to determine eligibility for 2019 coverage.
Rating Factors Affect the Cost of the Benchmark Plan

Age
• Limited to no more than 3 to 1 variation
• Each family member is rated separately

Family size
• Total premium for family = Sum of premiums for each family member
  → In families with > 3 members under 21, count only 3 oldest children

Geographic area
Other Factors Affecting Premiums

Tobacco use

• Limit to no more than 1.5-to-1 variation
• Difference due to tobacco use is not accounted for in PTC calculation

Plan chosen by consumer

• Amount of PTC pegged to second-lowest cost silver plan
• But consumer can purchase any metal plan
Example: Calculating the PTC

Teresa, Antonio, Gaby, and Michael
- Income: $50,200/year (200% FPL)
- Expected contribution: 6.54% of income ($3,283/year, $273.60/month)

3 LOWEST COST SILVER PLANS THAT COVER ALL:
- $10,000/year ($833/month)
- $10,542/year ($879/month)
- $10,800/year ($900/month)

PTC Calculation

$10,542 - $3,283 = $7,259/year ($605/month)
Example: Impact of Benchmark Plan on PTC Calculation

Teresa, Antonio, Gaby, and Michael
- Income: $50,200/year (200% FPL)
- Expected contribution: 6.54% of income ($3,283/year, $273.60/month)

→ Kids eligible for CHIP

3 LOWEST COST SILVER PLANS THAT COVER TERESA AND ANTONIO:
- $7,000/year ($583/month)
- $7,322/year ($610/month)
- $7,500/year ($625/month)

PTC Calculation

$7,322 - $3,283 = $4,039/year ($336.50/mo)
**Example: Impact of Benchmark Plan on PTC Calculation**

**Teresa, Antonio, Gaby, and Michael**
- Income: $50,200/year (200% FPL)
- Expected contribution: 6.54% of income ($3,283/year, $273.60/month)

<table>
<thead>
<tr>
<th>Income Level</th>
<th>Expected Contribution</th>
<th>Total PTC</th>
</tr>
</thead>
<tbody>
<tr>
<td>$3,283</td>
<td>$3,283</td>
<td>$7,259</td>
</tr>
<tr>
<td>$4,039</td>
<td>$3,283</td>
<td>$4,039</td>
</tr>
<tr>
<td>$7,259</td>
<td>$3,283</td>
<td></td>
</tr>
</tbody>
</table>

**Key takeaway**
In this situation, benchmark plan affects PTC amount but not expected contribution.
Example: Impact of Expected Contribution on PTC

John, 24 years old

- Benchmark Plan: $3,852/year, $321/month

<table>
<thead>
<tr>
<th>FPL Level</th>
<th>Income</th>
<th>Expected Contribution</th>
<th>PTC</th>
</tr>
</thead>
<tbody>
<tr>
<td>200% FPL</td>
<td>$24,280</td>
<td>$1,588/year, $132/mo</td>
<td>$2,264 ($189/mo)</td>
</tr>
<tr>
<td></td>
<td>(6.54% of income)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>250% FPL</td>
<td>$30,350</td>
<td>$2,537/year, $211/mo</td>
<td>$1,315 ($110/mo)</td>
</tr>
<tr>
<td></td>
<td>(8.36% of income)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

VS.

- 200% FPL (Plan Cost: $321/mo)
- 250% FPL (Plan Cost: $321/mo)
Example: Impact of Age on PTC Calculation

John

- Income: $24,280 (200% FPL)
- Expected Contribution: 6.54% of income, $1,588 ($132/month)

### Age: 24

- Benchmark Plan Cost: $3,852 ($321/mo)
- PTC: $2,264 ($189/mo)

### Age: 64

- Benchmark Plan Cost: $11,568 ($964/mo)
- PTC: $9,980 ($832/mo)

**Chart:**
- Expected Contribution
- Monthly PTC

**Graph:**
- 24 years old (Plan Cost: $321/mo)
  - Expected Contribution: $132
  - Monthly PTC: $189
- 64 years old (Plan Cost: $964/mo)
  - Expected Contribution: $132
  - Monthly PTC: $832
Example: Impact of Plan Choice on Premiums

PTC: $189/month ($2,264/year)

- Premiums fluctuate depending on plan choice

Benchmark Silver Plan
Total Cost: $321/mo

Lowest Cost Silver Plan
Total Cost: $310/mo

Bronze Plan
Total Cost: $209/mo

Gold Plan
Total Cost: $382/mo
• Last year, reimbursements to insurance companies for cost-sharing reduction (CSR) plans were terminated
  → People who are eligible for CSR are still eligible and can enroll in a plan with CSR

• **Silver loading:** Many states allowed insurers to load the costs resulting from the termination of CSR payments entirely on silver-level premiums
  → *Silver plan premiums rose.* In many areas, the unsubsidized lowest-cost gold plan has comparable cost to the lowest-cost silver plan.
  → *PTC rose to cover the premium increases,* even in states where insurers increased premiums across plans, not just in the silver tier.
  → Bronze plan premiums can be near zero cost after PTC

Example: Impact of Silver Loading on Premiums

PTC: $250/month (3,000/year)
- Silver loading raised silver plan premiums and PTC
  → In some areas, gold plans may be cheaper than silver plans
  → Larger PTC make bronze plans much cheaper, or even zero cost
Reconciliation of the Premium Tax Credit
Reconciliation of the PTC

- If a taxpayer receives excess advance payments of the PTC, some or all of it must be paid back.

- There are no repayment caps for:
  - People with income over 400% FPL
  - Undocumented immigrants

<table>
<thead>
<tr>
<th>Income (as % of FPL)</th>
<th>SINGLE taxpayers will pay back no more than ...</th>
<th>OTHER taxpayers will pay back no more than...</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 200%</td>
<td>$300</td>
<td>$600</td>
</tr>
<tr>
<td>At least 200% but less than 300%</td>
<td>$775</td>
<td>$1,550</td>
</tr>
<tr>
<td>At least 300% but less than 400%</td>
<td>$1,300</td>
<td>$2,600</td>
</tr>
<tr>
<td>400% and above</td>
<td>None: Full repayment</td>
<td>None: Full repayment</td>
</tr>
</tbody>
</table>
There is a 3-month grace period for nonpayment of premiums. If the taxpayer doesn’t catch up on all missed premiums, coverage is terminated *retroactively* as of the end of the first month of nonpayment.

Taxpayer will owe back the APTC for that month of nonpayment ($300) or the taxpayer can pay the premium for the month prior to the tax deadline ($100).

If there are multiple months of APTC without a premium in column A, this is an error.
Issue: Only Column A of Form 1095-A is Completed

Form 1095-A

<table>
<thead>
<tr>
<th>Month</th>
<th>A. Monthly enrollment premiums</th>
<th>B. Monthly second lowest cost silver plan (SLCSP) premium</th>
<th>C. Monthly advance payment of premium tax credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>21 January</td>
<td>$300</td>
<td>$300</td>
<td>$200</td>
</tr>
<tr>
<td>22 February</td>
<td>$300</td>
<td>$300</td>
<td>$200</td>
</tr>
<tr>
<td>23 March</td>
<td>$300</td>
<td>$300</td>
<td>$200</td>
</tr>
<tr>
<td>24 April</td>
<td>$300</td>
<td>$300</td>
<td>$200</td>
</tr>
<tr>
<td>25 May</td>
<td>$300</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- If SLCSP is blank, the person likely didn’t get APTC for marketplace insurance in those months.
- If SLCSP is incorrect, it’s likely that there was a change in circumstances that was not reported to the marketplace.
- To determine the correct tax credit, determine eligibility for the credit for the months a premium was paid and add or correct the SLCSP using the marketplace tax lookup tool. This can be done without requesting an amended tax form.
In general, to be eligible for PTC, the taxpayer must not be eligible for (or enrolled in) other minimum essential coverage (MEC), but....

<table>
<thead>
<tr>
<th>First day rule</th>
<th>People who are eligible for PTC on the first day of the month are considered eligible for the full month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicaid</td>
<td>If a person is enrolled in APTC but later determined eligible Medicaid:</td>
</tr>
<tr>
<td></td>
<td>• PTC is allowed for months of retroactive Medicaid coverage</td>
</tr>
<tr>
<td></td>
<td>• The person is generally eligible for PTC for the entire calendar year but may be identified through data matching</td>
</tr>
<tr>
<td>Medicare</td>
<td>A person loses eligibility for PTC when they become Medicare-eligible, even if they fail to enroll in Medicare. The loss of eligibility occurs on the first day of the fourth full month after the person became eligible for Medicare.</td>
</tr>
<tr>
<td>Employer-sponsored coverage</td>
<td>If the taxpayer accurately informed the marketplace of the cost of employer-sponsored coverage and, despite the affordable offer, it awarded APTC anyway, the taxpayer can claim PTC.</td>
</tr>
</tbody>
</table>
• Reference Guide: Yearly Guidelines and Thresholds
  → Coverage Year 2019 (PDF)

• Reference Chart: Minimum Essential Coverage

• Key Facts:
  → Premium Tax Credits
  → Employer-Sponsored Coverage and PTC Eligibility
Contact Info

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- General inquiries: beyondthebasics@cbpp.org

For more information and resources, please visit:

www.healthreformbeyondthebasics.org

This is a project of the Center on Budget and Policy Priorities, www.cbpp.org