Part II: Premium Tax Credits

September 15, 2022
• All attendees are muted and in listen-only mode

• To ask a question:
  ▪ Click on the Q&A icon in the control panel at the bottom of your webinar screen
  ▪ Type your question into the box

• We will monitor questions and pause to answer a few during the presentation and once more at the end

• You can also email questions to beyondthebasics@cbpp.org

• All webinars are recorded and will be available for viewing at www.healthreformbeyondthebasics.org
This presentation will explain:

- The requirements for receiving an advance premium tax credit (APTC)
- How the APTC is calculated
- The potential for repayment of APTC
Overview of the 2023 Coverage Landscape

Premium Tax Credit Eligibility
What is the Premium Tax Credit?

**Premium tax credit (PTC)**: Income-based financial assistance for eligible people who purchase coverage in the health insurance marketplaces.

**PTC CAN BE TAKEN:**

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

**Note:** In general, APTC and PTC follow the same rules, although there are some important safe harbors for PTC only.
### Eligibility Requirements

#### Income: Over 100% FPL
- Income must be above 100% FPL
- Some exceptions apply

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

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

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

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* 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)
Income Requirements

Exceptions to the 100% FPL limit

• Lawfully present individuals
  ▪ Lawfully present individuals with income under 100% FPL are eligible for APTC if they are ineligible for Medicaid because of their immigration status

• Reconciliation safe harbor
  ▪ If someone projects income above 100% FPL and receives APTC, but at the end of the year has income below 100% FPL, they are protected by a safe harbor and eligible for PTC

<table>
<thead>
<tr>
<th>Household Size</th>
<th>2022 Federal Poverty Line (for 2023 coverage)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>1</td>
<td>$13,590</td>
</tr>
<tr>
<td>2</td>
<td>$18,310</td>
</tr>
<tr>
<td>3</td>
<td>$23,030</td>
</tr>
<tr>
<td>4</td>
<td>$27,750</td>
</tr>
</tbody>
</table>

Note: 2022 federal poverty guidelines are used to determine eligibility for 2023 coverage.
Eligible Tax Filing Status

Must file a tax return and have an eligible filing status

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

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.

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**Head of Household**

- Married people can be considered unmarried by the IRS if they qualify to file as Head of Household
- HealthCare.gov questions help to project whether the rules will be met
A married person can claim to be Single on the HealthCare.gov application under either of these circumstances:

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

**Abandoned spouse**
A taxpayer who is Married Filing Separately can meet the joint filing requirement if they:
- Live apart from their spouse
- Cannot locate spouse after using reasonable diligence

**Note:** There are no special documentation requirements, though it’s possible someone could be asked for more information if audited. These exceptions can be used by people filing as Married Filing Separately for a maximum of three consecutive years.
Special Rule for Certain Immigrants

- Certain immigrants file taxes on Form 1040-NR
  - Some immigrants (often foreign students on an F, J, M, or Q visa) must file taxes on Form 1040-NR because they can’t meet the “substantial presence test” in their first 5 years in the US
  - Form 1040-NR doesn’t allow married nonresident immigrants to file jointly with a spouse so they can’t meet the joint filing requirement to claim APTC
Ineligible for Other MEC

In general, to qualify for APTC, a person cannot be eligible for or enrolled in other minimum essential coverage (MEC).

Eligibility for some types of MEC bars APTC eligibility:

- Most government-sponsored coverage
  - Premium free Medicare Part A
  - Medicaid/CHIP
    - Note that termination for failure to pay premiums still disqualifies someone from APTC eligibility
- Employer-sponsored coverage (that is affordable and meets minimum value)

Some types of MEC bar APTC eligibility only if the person is enrolled:

- COBRA
- Employer-sponsored retiree coverage
- Certain veterans’ and TRICARE coverage
- Medicare that requires payment of a Part A premium
Types of MEC
To bar APTC eligibility, government-sponsored coverage must have comprehensive benefits.

<table>
<thead>
<tr>
<th>Comprehensive Benefits</th>
<th>Limited Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>(NOT ELIGIBLE FOR APTC)</td>
<td>(ELIGIBLE FOR APTC)</td>
</tr>
<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 or before 12/31/14</td>
<td>- Pregnancy-related services*</td>
</tr>
<tr>
<td>• Refugee Medical Assistance</td>
<td>• Medicaid coverage of the medically needy*</td>
</tr>
<tr>
<td>• Most TRICARE</td>
<td>• 1115 Medicaid demonstration*</td>
</tr>
<tr>
<td>• DoD Continuation Coverage (Nonappropriated Fund Health Benefits Program)</td>
<td>• Voluntary Medicare** (Part A premium required)</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 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.
Eligibility for Employer-Sponsored Insurance (ESI)
Eligibility for Employer-Sponsored Insurance (ESI)

A person cannot get APTC if their ESI offer is:

- **An “eligible employer-sponsored plan”**
  - Not indemnity or accident coverage

- **Affordable**
  - An offer is considered affordable if it costs less than 9.12% of household income. This bars eligibility for APTC.

- **Comprehensive**
  - An offer is comprehensive if it meets the “minimum value” standard

If the offer violates one or more of these requirements, the employee might be eligible for APTC (assuming all other tests are met)

For more information on what counts as MEC, see the Health Reform: Beyond the Basics MEC Reference Chart
Only use an “eligible employer-sponsored plan” when deciding which plan to look at to determine affordability and minimum value.

<table>
<thead>
<tr>
<th><strong>An “Eligible” Plan</strong></th>
<th><strong>Not an “Eligible” Plan</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>(Consider affordability and minimum value)</td>
<td>(Ignore for APTC purposes)</td>
</tr>
<tr>
<td>• An insured (including grandfathered) plan in the small or large group market;</td>
<td>• Limited benefit coverage (such as single-disease or single-benefit coverage or indemnity coverage with per-day or per-episode reimbursement)</td>
</tr>
<tr>
<td>• A self-insured group plan; or</td>
<td></td>
</tr>
<tr>
<td>• A government employee plan (except certain Department of Defense coverage)</td>
<td></td>
</tr>
</tbody>
</table>
ESI Affordability

• ESI is “affordable” for the employee if the employee contribution for self-only coverage is up to 9.12% of household income (in 2023)

• NEW: ESI is “affordable” for the spouse and dependents if the employee contribution for family coverage is up to 9.12% of household income (in 2023)

• If ESI is considered unaffordable, the employee and/or spouse and dependents can qualify for APTC

• A family member can also get APTC if:
  ▪ They aren’t offered coverage through the employee (e.g. no family coverage offer)
  ▪ They aren’t on the employee’s tax return (example: a child claimed by an ex-spouse instead of the employee)
New Application Question

The Marketplace will ask applicants to enter the lowest-cost, employee share of the premium for self-only and family ESI coverage, and will then determine:

1. Does the person have access to adequate, affordable, self-only employer-sponsored coverage?

2. Do the person's household members have access to adequate, affordable family coverage through the subscriber's employer?

3. Do any of the person's household members have access to adequate affordable, coverage through a different employer?

If a person does not have an offer of affordable, adequate insurance through an employer – whether it is through their own employer or through the employer of a household member – that person may now be eligible for APTCs.
Help people understand their options and how their costs – premiums, deductibles, and out of pocket maximums – may add up.

Option 1
- Employee
  - Employer coverage
- Spouse and Dependents
  - Marketplace coverage w/PTC

Option 2
- Employee
  - Marketplace coverage (no PTC)
- Spouse and Dependents
  - Marketplace coverage w/PTC

Option 3
- Employee
  - Employer coverage

Note: This is just an example. Different households will have different options.
Minimum Value of ESI

• An employer plan meets minimum value if it has an **actuarial value greater than 60%**

• **How do I know if it meets minimum value?**
  • It will be on the plan’s [Summary of Benefits and Coverage](#) (SBC)

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**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.
Example: Offers of ESI and Eligibility for APTC

• Monica and Roberto are married and have two children, Elena and Miguel

• Their household income is $40,000

• Monica’s employer offers only one comprehensive coverage plan that meets minimum value. There are two enrollment options:
  ▪ Just Monica: $150 per month; or
  ▪ Family: $450 per month

• Monica wants to know if her family qualifies for APTC
**Example: Offers of ESI and Eligibility for APTC**

**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>Family premium cost:</td>
<td>$450/month</td>
</tr>
<tr>
<td>Minimum value (MV):</td>
<td>✓ 80% AV</td>
</tr>
</tbody>
</table>

**Are Monica and her family eligible for PTC?**

**Employee test:**

*Is Monica’s plan affordable?*

(So, is her lowest-cost premium for a minimum value plan less than 9.12% of household income?)

- Yes, Monica’s share of the premium for coverage just for her is 4.5% of household income

- Monica is not eligible for PTC

**Family test:**

*Is Monica’s plan affordable for her family?*

- Family coverage costs 13.5% of income
- Because it costs more than 9.12% of income, family coverage is considered unaffordable

- Monica’s family is eligible for PTC

**Tip:** If the family qualifies for PTCs, but not the employee, the employee may still need to buy ESI or a full-cost marketplace plan. Help families understand how their premium costs will add up.
What if Monica’s employer doesn’t offer spousal coverage?

**Family test (Monica plus kids):**
Same as previous test: *Is Monica’s plan affordable?*

- Yes, Monica’s premium is 4.5% of income so Monica can’t get PTC.
- However, the premium for Monica and the kids is 10.5% of their income, so they

  ✗ Monica is not eligible for PTC

✓ The kids could be eligible for PTC (although they are likely eligible for Medicaid/CHIP)

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**Test for spouse with no ESI offer (Roberto):**

- Roberto isn’t offered coverage through Monica’s job, so he isn’t barred from receiving PTC (if otherwise eligible)

✓ Roberto is eligible for PTC
Additional Rules and Exceptions in ESI

<table>
<thead>
<tr>
<th>Offer alone disqualifies someone from PTCs</th>
<th>Only disqualified from PTCs if <em>enrolled</em></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Employer sponsored coverage that meets affordability and minimum value standards (even if the person is not enrolled or missed open enrollment)*</td>
<td>• Employer sponsored coverage that is not affordable and/or does not meet minimum value standards**</td>
</tr>
<tr>
<td></td>
<td>• COBRA</td>
</tr>
<tr>
<td></td>
<td>• Retiree coverage</td>
</tr>
<tr>
<td></td>
<td>• Student health plans</td>
</tr>
</tbody>
</table>

* If there is a waiting period before an employee can enroll in an employer plan, they are eligible for APTC during those months only.

** If employer coverage is not affordable or MV but the employee enrolls in it anyway, they cannot get APTC in those months. They would need to drop the coverage to enroll in a marketplace plan with APTC. Dropping coverage for this reason does not trigger a special enrollment period.
• Last month, Serena voluntarily left a job and lost her health insurance
• She has an offer of COBRA, but the premium is very expensive

<table>
<thead>
<tr>
<th>Serena does not enroll in COBRA</th>
<th>Serena does enroll in COBRA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Serena can get APTC, even if she has a COBRA option, as long as she doesn’t enroll in COBRA</td>
<td>Serena is ineligible for APTC</td>
</tr>
</tbody>
</table>
| • She can enroll in marketplace coverage during her “loss of coverage” special enrollment period or at the next open enrollment | **Can Serena drop COBRA and qualify for APTC?**
It depends
• During her 60-day “loss of coverage” special enrollment period (or any other SEP): Serena can drop COBRA and enroll in marketplace coverage with APTC
• During open enrollment: Serena can drop COBRA and enroll in marketplace coverage with APTC
• At other times: Serena can’t get into marketplace coverage because dropping COBRA coverage doesn’t trigger a special enrollment period |

Note: Offers of retiree coverage and student health plans have the same rules.
Kala, 24 years old

- Graduate student and Single tax filer
- Income: $19,000 (140% 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
  - His offer does not bar eligibility for APTC 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 APTC (unless currently enrolled)

### Example: Coverage Choices for Young Adults

**OFFER 1:** Coverage from Dad’s ESI  
Cost: $0/month (family coverage)  
AV: 90% AV

**OFFER 2:** Student Coverage  
Cost: $150/month  
AV: 70% AV

**OFFER 3:** Marketplace Coverage  
Cost: $0/month after APTC  
AV: 94% AV after CSR
Other Employer Coverage: HRAs

• A Health Reimbursement Arrangement (HRA) is an employer-funded, tax-free employee account for reimbursement of medical expenses

• Two types of HRAs interact with marketplace coverage:
  ▪ Qualified Small Employer HRA (QSEHRA)
  ▪ Individual Coverage HRA (ICHRA)

• Both HRAs have affordability tests that measure the employer’s contribution to the cost of a marketplace plan against the 9.12% affordability standard, but the tests are different

• Impact on PTC eligibility is different

For more information on QSEHRA and ICHRA plans, see: Health Reform: Beyond the Basics: Employer Coverage & Premium Tax Credit Eligibility Guide
Reconciliation of Overlapping Coverage

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

<table>
<thead>
<tr>
<th>First-day rule</th>
<th>People who are eligible for APTC 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 gets APTC but later becomes eligible for Medicaid:</td>
</tr>
<tr>
<td></td>
<td>• APTC is allowed for months of retroactive Medicaid coverage</td>
</tr>
<tr>
<td></td>
<td>• The person can choose to remain in APTC for the entire calendar year or enroll in Medicaid</td>
</tr>
<tr>
<td>Medicare</td>
<td>A person loses eligibility for APTC when they become eligible for Medicare, even if they don’t enroll. APTC eligibility ends 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 ESI premium (with no intentional or reckless disregard for the facts) and, despite the affordable offer, was awarded APTC anyway, the taxpayer can claim PTC. But the safe harbor does not apply when a person re-enrolls: the presence/cost of an ESI offer must be updated at re-enrollment.</td>
</tr>
</tbody>
</table>
Calculation of the Premium Tax Credit
How is the 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 (SLCSP) available to each eligible household member.

**Expected Premium Contribution**
What a tax household is expected to contribute towards the cost of premiums (based on a sliding scale tied to projected annual household income).
How Much Will a Household Pay in 2023?

Expected Premium Contribution (% of Income)

Income as % of FPL

- Pre-ARPA
- Current law (through coverage year 2025)
<table>
<thead>
<tr>
<th>Annual Household Income</th>
<th>Expected Premium Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of FPL</td>
<td>Income Amount (For HH of 1 using 2022 FPL)</td>
</tr>
<tr>
<td>&lt; 150%&lt;sup&gt;1&lt;/sup&gt;</td>
<td>&lt; $20,385</td>
</tr>
<tr>
<td>200%</td>
<td>$27,180</td>
</tr>
<tr>
<td>250%</td>
<td>$33,975</td>
</tr>
<tr>
<td>300%</td>
<td>$40,770</td>
</tr>
<tr>
<td>350%</td>
<td>$47,565</td>
</tr>
<tr>
<td>400%</td>
<td>$54,360</td>
</tr>
<tr>
<td>&gt; 400%</td>
<td>&gt; $54,360</td>
</tr>
</tbody>
</table>

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

Note: 2022 federal poverty guidelines are used to determine eligibility for 2023 coverage.
What Is a Benchmark Plan?

The benchmark plan is the **second lowest cost silver plan** available to each eligible household member.

### QUALIFIED HEALTH PLAN (QHP) METAL LEVEL PLAN TIERS

QHPs must provide plan designs consistent with actuarial values.

<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>

#### Costs covered by a plan

<table>
<thead>
<tr>
<th>Metal Level</th>
<th>Costs covered by a plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Platinum</td>
<td>High deductible health plan available for individuals up to age 30 or those 30 and older who are granted a hardship exemption (PTC does not apply to these plans)</td>
</tr>
<tr>
<td>Gold</td>
<td>High deductible health plan available for individuals up to age 30 or those 30 and older who are granted a hardship exemption (PTC does not apply to these plans)</td>
</tr>
<tr>
<td>Silver</td>
<td>High deductible health plan available for individuals up to age 30 or those 30 and older who are granted a hardship exemption (PTC does not apply to these plans)</td>
</tr>
<tr>
<td>Bronze</td>
<td>High deductible health plan available for individuals up to age 30 or those 30 and older who are granted a hardship exemption (PTC does not apply to these plans)</td>
</tr>
</tbody>
</table>

#### Premiums paid by consumer

**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.
Rating Factors Affect the Cost of an Enrollee’s 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 more than 3 members under 21, count only 3 oldest children

Geographic area
- Prices may vary by rating area in a state
Factors Affecting Premiums (But Not the Benchmark)

Tobacco use
- Limited to no more than 1.5-to-1 variation
- Difference due to tobacco use is not accounted for in the APTC calculation

Plan chosen by consumer
- Amount of APTC is pegged to the benchmark plan, but the consumer can purchase any metal plan
Example: Calculating the APTC

Teresa, Antonio, Gaby, and Michael

- Income: $55,500/year (200% FPL)
- Expected income contribution: 2% of income ($1,110/year, $93/month)

3 LOWEST COST SILVER PLANS THAT COVER FAMILY:

Benchmark Plan

| Plan A | BlueChoice HMO Silver |
| Plan B | Highmark PPO Silver |
| Plan C | Kaiser Permanente Silver |

**BENCHMARK PLAN**

- **Family Contribution:** $1,110/year ($93/month)
- **APTC Calculation (monthly):**
  - $875
  - $93
  - **$782**

They can use this APTC amount to buy any plan.
Example: Impact of Benchmark Plan on APTC Calculation

Teresa, Antonio, Gaby, and Michael
- Income: $55,500/year (200% FPL)
- Expected income contribution: 2% of income ($1,110/year, $93/month)
  - Kids are eligible for CHIP

3 LOWEST COST SILVER PLANS THAT COVER TERESA AND ANTONIO:

- **Benchmark Plan**
  - Family Contribution: $1,110/year, $93/month
  - APTC: $625/month
  - Total cost: $7,000/year ($583/month)
  - Total cost: $7,500/year ($625/month)
  - Total cost: $8,000/year ($667/month)

They can use this APTC amount to buy any plan.
Example: Impact of Benchmark Plan on APTC Calculation

**Teresa, Antonio, Gaby, and Michael**

- Income: $55,500/year (200% FPL)
- Expected income contribution: 2% of income ($1,110/year, $93/month)

**Key takeaway**

The family pays the same amount, regardless of the number of family members enrolled (since the family’s contribution is based on income, not plan cost)
John, 24 years old

- Benchmark Plan: $4,200/year ($350/month)

<table>
<thead>
<tr>
<th>200% FPL</th>
<th>VS.</th>
<th>250% FPL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income: $27,180/year</td>
<td>Income: $33,975/year</td>
<td></td>
</tr>
<tr>
<td>Expected income contribution: 2%</td>
<td>Expected income contribution: 4%</td>
<td></td>
</tr>
<tr>
<td>$544/year ($45/month)</td>
<td>$1,359/year ($113/month)</td>
<td></td>
</tr>
<tr>
<td>APTC: $4,200 – $544 = $3,656/year</td>
<td>APTC: $4,200 – $1,359 = $2,841/year</td>
<td></td>
</tr>
<tr>
<td>($350-$45 = $305/month)</td>
<td>($350 - $113 = $237/month)</td>
<td></td>
</tr>
</tbody>
</table>

John pays $45

John pays $113
**John**

- Income: $27,180/year (200% FPL)
- Expected Contribution: $544/year, $45/month (2% of income)

<table>
<thead>
<tr>
<th>Age: 24</th>
<th>VS.</th>
<th>Age: 64</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benchmark Plan Cost: $3,700</td>
<td></td>
<td>Benchmark Plan Cost: $11,000</td>
</tr>
<tr>
<td>APTC: $3,156/year, $263/month</td>
<td>($3,700 - $544)</td>
<td>APTC: $10,456/year, $871/month</td>
</tr>
</tbody>
</table>

John pays $45

APTC

$263

$871
Once the APTC is established by the benchmark plan, it can be applied to any metal level plan (but cannot be greater than the full premium)

Example: APTC is $200/month ($2,400/year)
Once the APTC is established by the benchmark plan, it can be applied to any metal level plan (but cannot be greater than the full premium)

Example: APTC is $200/month ($2,400/year)
Report Changes that Impact the APTC

- Report income and household changes
  - If someone earns more than they estimated, they could owe PTC back on their tax return if they don’t report the change
  - If they earn less than projected, updating income will raise their APTC now or result in Medicaid/CHIP eligibility (or they can get additional PTC at tax filing)
- When you report income increases, beware of the APTC calculation
  - The APTC is calculated based on the new income, without regard to the APTC already received

Example:

- At the start of the year, Malcolm’s APTC is $2,400 ($200/month).
- In September, Malcolm reports higher income, after he has already received $1,800 in APTC.
- Based on his new income, he’s eligible for $1,200 in APTC for the year. HealthCare.gov calculates an APTC of $100/month for the rest of the year. ($1,200/12 months = $100/month)
- He should reduce the amount of APTC he receives to zero. Malcolm has already received more APTC than he’s entitled to and will need to repay the excess, up to the repayment cap.
People who have more income than they projected will owe back some or all of the APTC they received.

<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>$325</td>
<td>$650</td>
</tr>
<tr>
<td>At least 200% but less than 300%</td>
<td>$825</td>
<td>$1,650</td>
</tr>
<tr>
<td>At least 300% but less than 400%</td>
<td>$1,400</td>
<td>$2,800</td>
</tr>
<tr>
<td>400% and above</td>
<td>None: Full repayment</td>
<td>None: Full repayment</td>
</tr>
</tbody>
</table>

Example: Income over 400% FPL and APTC Repayment

• For 2023, Malcolm projects his income will be $53,000 (390% FPL). He receives APTC of $7,500.

• But at the end of next year, his annual household income is $58,000 (427%). Based on that income, he is actually only eligible for APTC of $6,800.

• Previously, there was no APTC repayment cap for people whose income was over 400% FPL. Since Malcolm’s year-end household income was over 400% FPL, he would have had to pay back the entire APTC he received: $7,500.

• Because APTC is available for people with income over 400% FPL in 2023, Malcolm would only have to pay back $700 ($7,500 - $6,800).

<table>
<thead>
<tr>
<th></th>
<th>What Malcolm received</th>
<th>What Malcolm was eligible for</th>
<th>Repayment amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-ARPA</td>
<td>$7,500</td>
<td>$0</td>
<td>$7,500</td>
</tr>
<tr>
<td>With enhanced PTCs</td>
<td>$7,500</td>
<td>$6,800</td>
<td>$700</td>
</tr>
</tbody>
</table>
Key Takeaways & Resources

- Reference Guide: *Yearly Guidelines and Thresholds* (Coverage Year 2023/Tax Year 2022)
  - Annually updated FPL levels for current and prior years
  - Expected premium contributions
  - Employer coverage affordability threshold
  - Out-of-pocket maximums, including for CSR plans
  - Tax filing thresholds
  - Repayment caps for APTC

- Reference Chart: *Minimum Essential Coverage*

- Key Facts:
  - *Premium Tax Credits*
  - *Employer-Sponsored Coverage and PTC Eligibility*
Upcoming Webinars

Part III: Immigrant Eligibility for Health Coverage Programs
• Tuesday, September 20 | 2 pm ET (11 am PT)

Part IV: Plan Design
• Thursday, September 22 | 2 pm ET (11 am PT)

Part V: Plan Selection Strategies
• Thursday, September 29 | 2 pm ET (11 am PT)

Part VI: Preventing and Resolving Data Matching Inconsistencies
• Tuesday, October 4 | 2 pm ET (11 am PT)

Register for upcoming webinars at
www.healthreformbeyondthebasics.org/events
• Jennifer Sullivan, jsullivan@cbpp.org
• General inquiries: beyondthebasics@cbpp.org

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