Beyond the Basics

Part II: Premium Tax Credits

September 15, 2022

Webinar Logistics

- 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
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- 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
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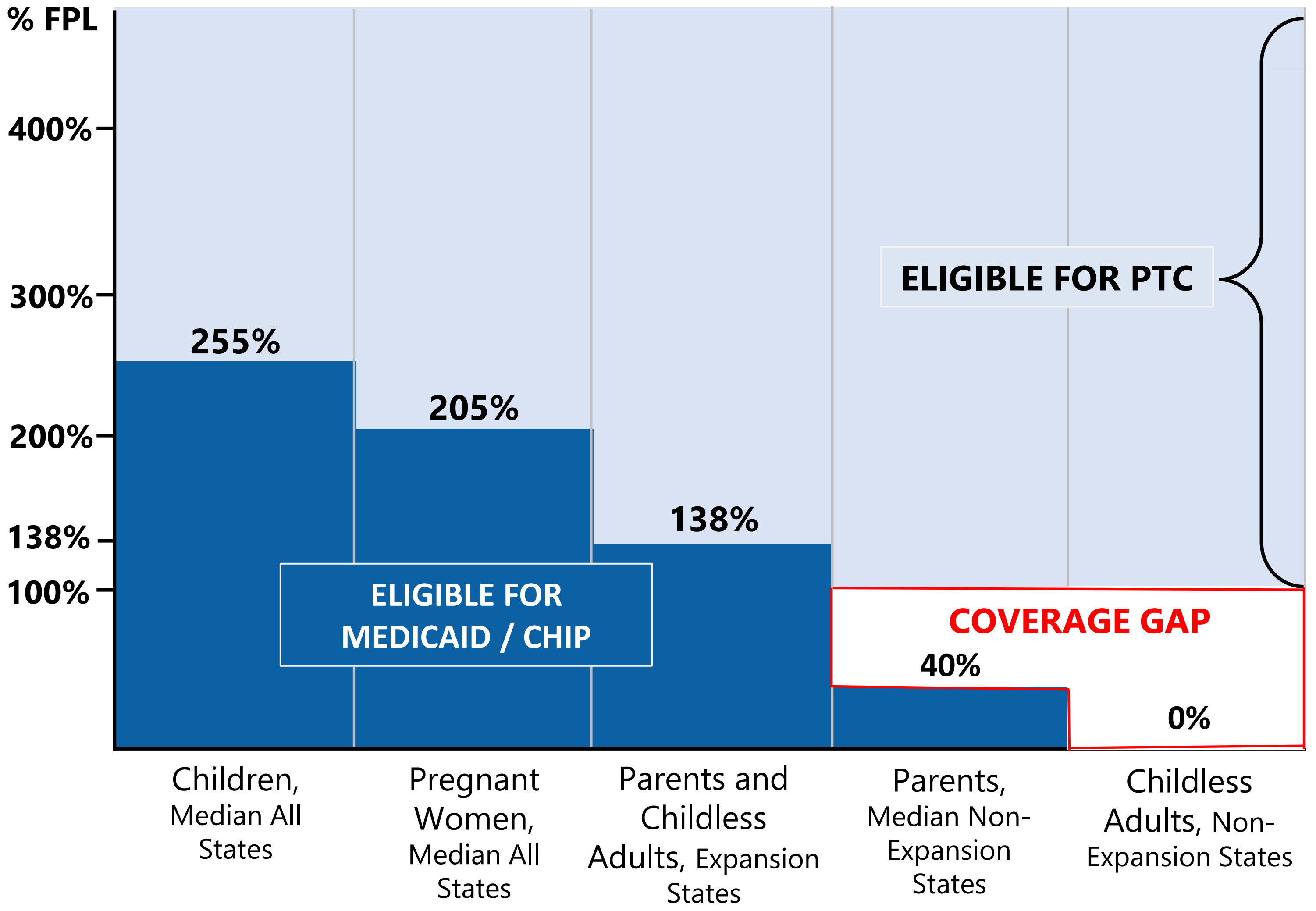
Agenda

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



Source: Based on a national survey conducted by Kaiser Family Foundation with the Georgetown University Center for Children and Families, 2022: https://www.kff.org/medicaid/report/medicaid-and-chip-eligibility-and-enrollment-policies-as-of-january-2022-findings-from-a-50-state-survey//

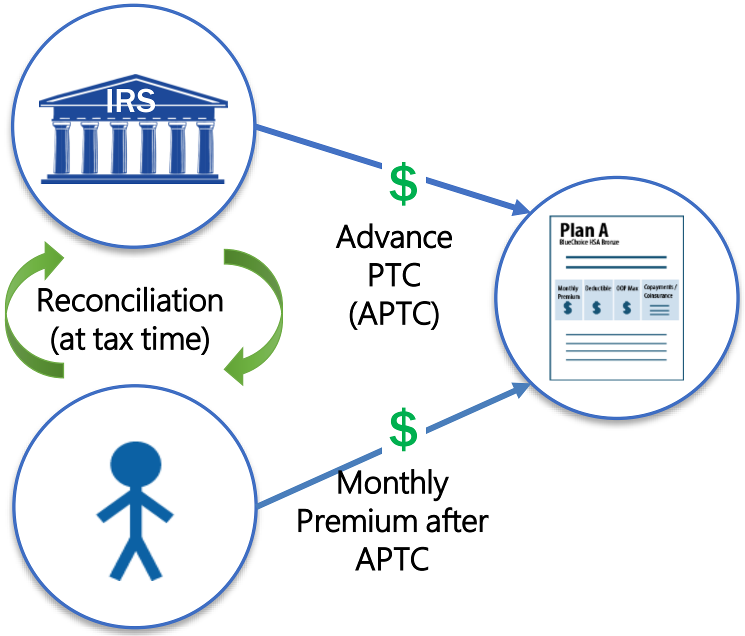
Beyond the Basics

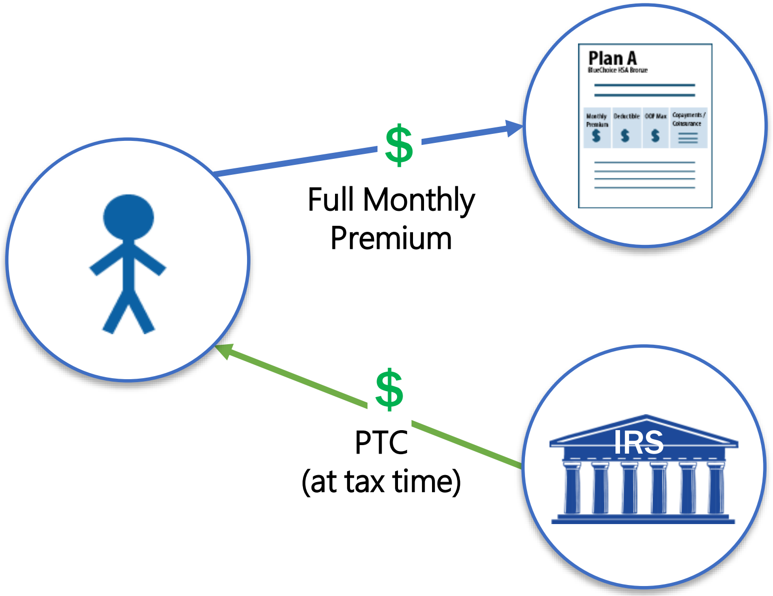
Premium Tax Credit Eligibility

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:	
In advance (APTC): Forwarded to insurer to reduce monthly premiums	At tax time (PTC): Claimed as a lump sum at the end of the year





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

APTC Eligibility Requirements

Income: Over 100% FPL	Eligible Filing Status	Ineligible for Other MEC
• Income must be above 100% FPL • Some exceptions apply	• If married, cannot file as married filing separately • Cannot be a tax dependent • Some exceptions apply	• Cannot be eligible for another type of MEC, such as Medicaid or employer coverage • Some exceptions apply

- 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

* For a list of immigration statuses considered "lawfully present," see HealthCare.gov: 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

Household Size	2022 Federal Poverty Line (for 2023 coverage)				
	100%	138%	200%	250%	400%
1	$13,590	$18,754	$27,180	$33,975	$54,360
2	$18,310	$25,268	$36,620	$45,775	$73,240
3	$23,030	$31,781	$46,060	$57,575	$92,120
4	$27,750	$38,295	$55,500	$69,375	$111,000

Note: 2022 federal poverty guidelines are used to determine eligibility for 2023 coverage.

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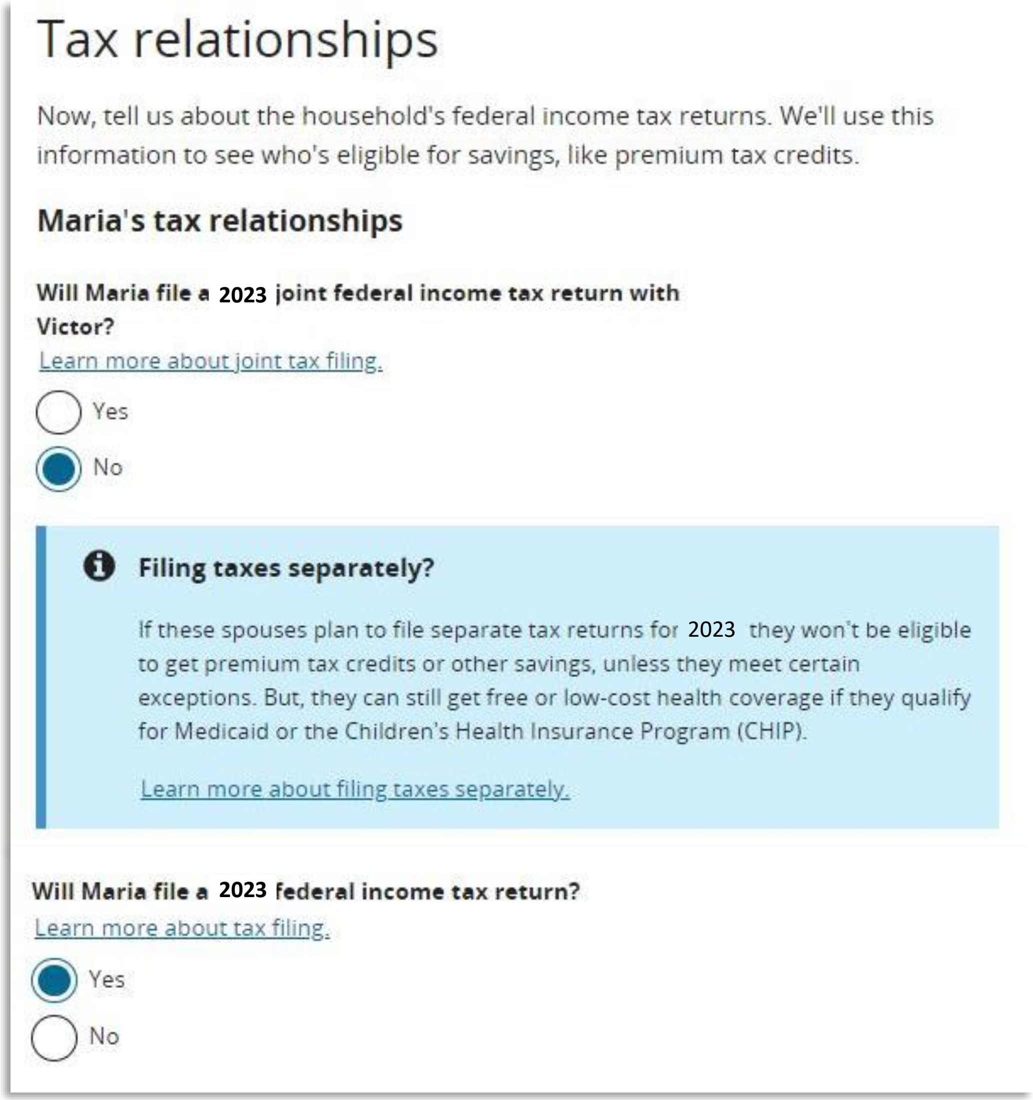
Eligible Tax Filing Status



Tax relationships

Now, tell us about the household's federal income tax returns. We'll use this information to see who's eligible for savings, like premium tax credits.

Maria's tax relationships

Will Maria file a 2023 joint federal income tax return with Victor?

Learn more about joint tax filing.

Yes

No

Filing taxes separately?

If these spouses plan to file separate tax returns for 2023 they won't be eligible to get premium tax credits or other savings, unless they meet certain exceptions. But, they can still get free or low-cost health coverage if they qualify for Medicaid or the Children's Health Insurance Program (CHIP).

Learn more about filing taxes separately.

Will Maria file a 2023 federal income tax return?

Learn more about tax filing.

Yes

No

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"*

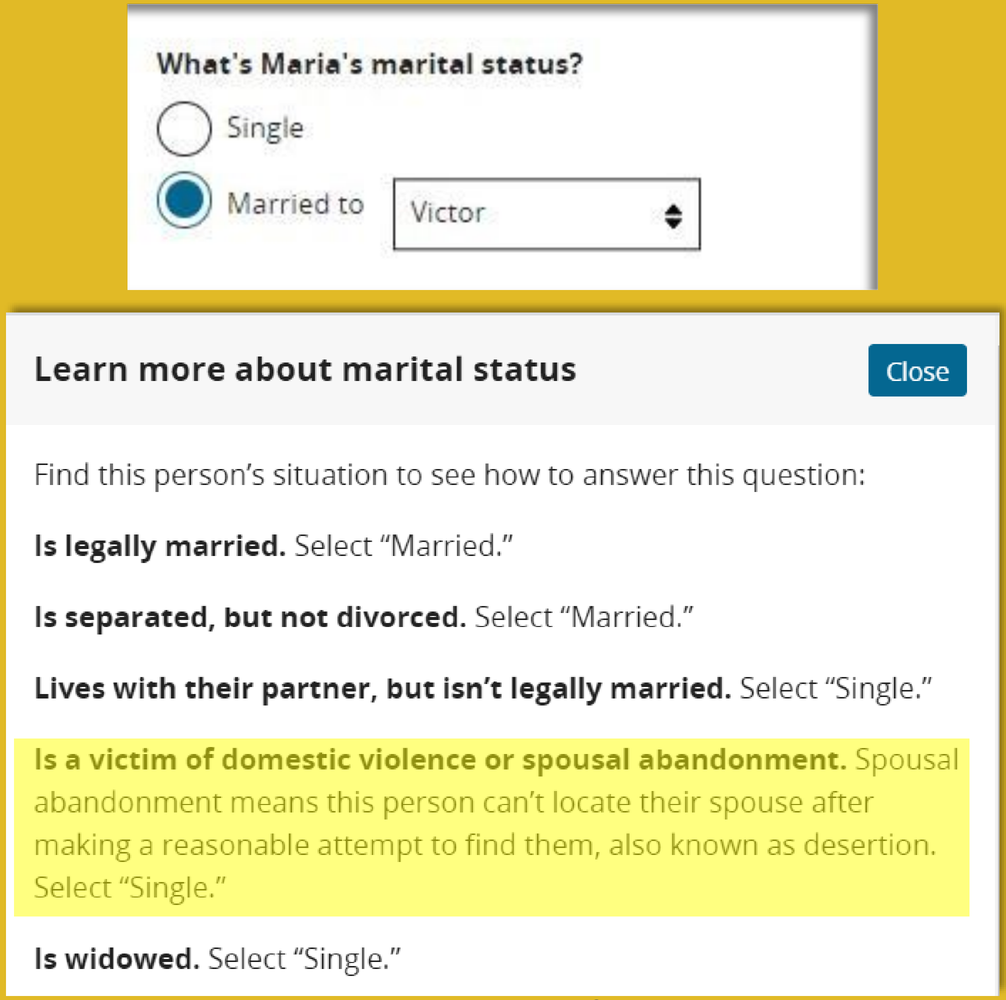
Exceptions to Joint Filing Requirement for PTC

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.

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

Exceptions to the Joint Filing Requirement for PTC



What's Maria's marital status?

Single

Married to Victor

Learn more about marital status Close

Find this person's situation to see how to answer this question:

Is legally married. Select "Married."

Is separated, but not divorced. Select "Married."

Lives with their partner, but isn't legally married. Select "Single."

Is a victim of domestic violence or spousal abandonment. Spousal abandonment means this person can't locate their spouse after making a reasonable attempt to find them, also known as desertion. Select "Single."

Is widowed. Select "Single."

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

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Ineligible for Other MEC

For more information on what counts as MEC, see the *Health Reform: Beyond the Basics* MEC Reference Chart

- 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

Beyond the Basics

Types of MEC

Jane's coverage

What type of coverage does Jane have?

- [ ] Marketplace coverage
  Select if Jane has coverage through HealthCare.gov or a state-based Marketplace.
- [ ] Florida Medicaid
  Don't check this box if one of these applies to Jane's coverage:
  - Their coverage pays for only limited benefits, like family planning services, emergency services, outpatient hospital services, or treatment of tuberculosis.
  - Their coverage pays for only coronavirus disease 2019 (COVID-19) testing.
  - Their Medicaid coverage doesn't pay for inpatient hospital services.
- [ ] Florida KidCare (CHIP)
- [ ] Medicare
- [ ] TRICARE
  Don't select if Jane has Direct Care or Line of Duty.
- [ ] Veterans Affairs (VA) health care program
- [ ] Peace Corps
- [ ] COBRA
  Don't check this box if this person will end COBRA coverage once they enroll in Marketplace coverage. Select if Jane is enrolled in COBRA (and plans to keep it during 2021). They won't qualify for a premium tax credit, but may be eligible to enroll in a Marketplace health plan or other programs. Learn more about COBRA.
- [ ] Retiree health benefits
  Select if Jane is enrolled in a retiree health plan (an employer-provided health care plan that carries over to retirement) and plans to keep it during 2021. They won't qualify for a premium tax credit, but may be eligible to enroll in a Marketplace health plan or other programs.
- [ ] Coverage through their job (or another person's job, like a spouse or parent)
  Select if Jane is currently enrolled in a job-based plan and can use the health benefits.
- [ ] Other full benefit coverage
- [ ] Other limited benefit coverage

Save & continue

Government-Sponsored Coverage Options

To bar APTC eligibility, government-sponsored coverage must have comprehensive benefits

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

* 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

-and-

Affordable

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

-and-

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

Eligible Employer-Sponsored Plans

Only use an "eligible employer-sponsored plan" when deciding which plan to look at to determine affordability and minimum value.

An "Eligible" Plan (Consider affordability and minimum value)	**Not an "Eligible" Plan** (Ignore for APTC purposes)
• An insured (including grandfathered) plan in the small or large group market; • A self-insured group plan; or • A government employee plan (except certain Department of Defense coverage)	• Limited benefit coverage (such as single-disease or single-benefit coverage or indemnity coverage with per-day or per-episode reimbursement)

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 <u>un</u>affordable, 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)

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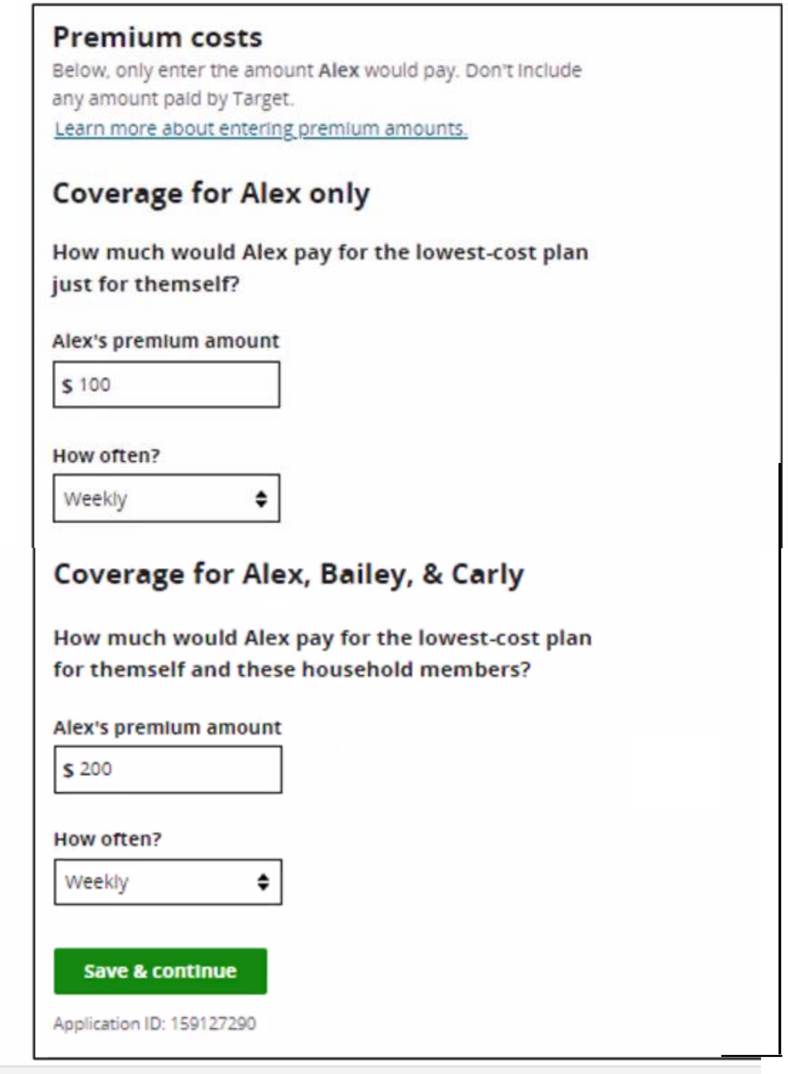
New Application Question

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.


Premium costs

Below, only enter the amount **Alex** would pay. Don't include any amount paid by Target.

Learn more about entering premium amounts.

Coverage for Alex only

How much would Alex pay for the lowest-cost plan just for themself?

Alex's premium amount

$ 100

How often?

Weekly

Coverage for Alex, Bailey, & Carly

How much would Alex pay for the lowest-cost plan for themself and these household members?

Alex's premium amount

$ 200

How often?

Weekly

Save & continue

Application ID: 159127290

Adding up the cost of coverage

Help people understand their options and how their costs – premiums, deductibles, and out of pocket maximums – may add up.

	Option 1	**Option 2**	**Option 3**
Employee	Employer coverage	Marketplace coverage (no PTC)	Employer coverage
Spouse and Dependents	Marketplace coverage w/PTC	Marketplace coverage w/PTC	

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)

Job-based health coverage

Get help completing this section.

Does ABC Co (Jane's job) offer a health plan that meets the minimum value standard?

Most job-based plans meet the minimum value standard.

Learn more about the minimum value standard.

- [x] Yes
- [ ] No

Does this plan meet the Minimum Value Standards? Yes.

If your plan doesn't meet the Minimum Value Standards, you may be eligible for a premium tax credit to help you pay for a plan through the Marketplace.

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*

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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

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Example: Offers of ESI and Eligibility for APTC

Summary of Plan Costs and Household Income	
Household Income:	$40,000
Employee-only premium cost:	$150/month
Family premium cost:	$450/month
Minimum value (MV):	✓ 80% AV

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.*

Beyond the Basics

Example: Offers of ESI and Eligibility for APTC

Summary of Plan Costs and Household Income	
Household Income:	$40,000
Employee-only premium cost:	$150/month
Employee + kids premium cost:	$350/month
Minimum value (MV):	✓ 80% AV
Spousal coverage:	*No offer*

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)

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

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Additional Rules and Exceptions in ESI

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

* 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

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Example: Option to Enroll in COBRA

- Last month, Serena voluntarily left a job and lost her health insurance
- She has an offer of COBRA, but the premium is very expensive

Serena **does not** enroll in COBRA	Serena **does** enroll in COBRA
Serena can get APTC, even if she has a COBRA option, as long as she doesn't enroll in COBRA • She can enroll in marketplace coverage during her "loss of coverage" special enrollment period or at the next open enrollment	Serena is ineligible for APTC **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.

Example: Coverage Choices for Young Adults

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)

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

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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

First-day rule	People who are eligible for APTC on the first day of the month are considered eligible for the full month
Medicaid	If a person gets APTC but later becomes eligible for Medicaid: • APTC is allowed for months of retroactive Medicaid coverage • The person can choose to remain in APTC for the entire calendar year or enroll in Medicaid
Medicare	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
Employer-sponsored coverage	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.

Beyond the Basics

Calculation of the Premium Tax Credit

How is the PTC Calculated?

Premium Tax Credit = **Cost of Benchmark Plan** − **Expected Premium Contribution**

Premium Tax Credit

Difference between the cost of the benchmark plan and the expected premium contribution an individual is expected to pay

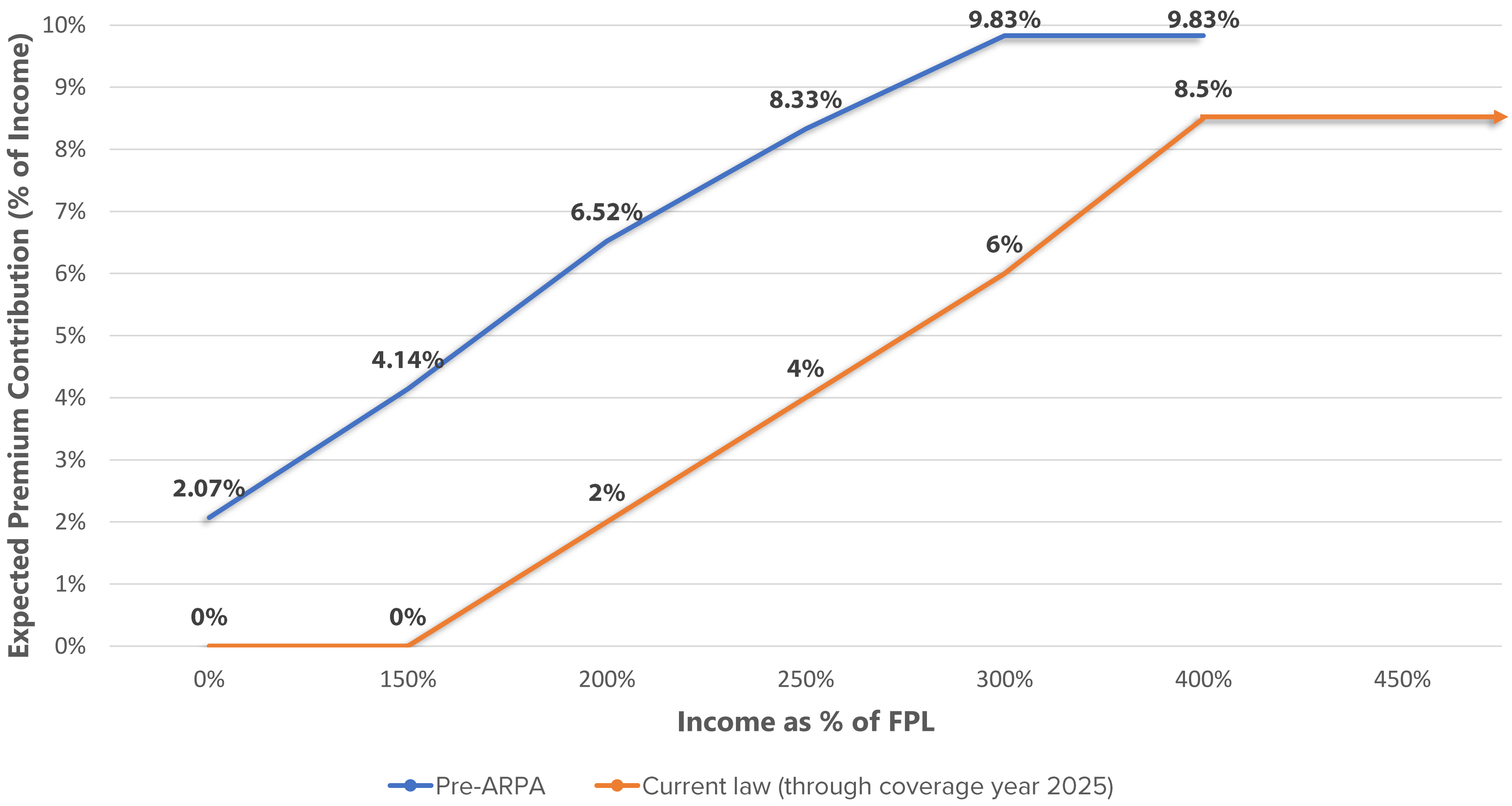
Cost of Benchmark Plan

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?



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Expected Contributions at Certain Income Levels (2023)

Annual Household Income		Expected Premium Contribution	
% of FPL	Income Amount (For HH of 1 using 2022 FPL)	% of Income	Monthly Dollar Amount (For HH of 1 using 2022 FPL)
< 150%[1]	< $20,385	**0%**	$0
200%	$27,180	**2%**	$45
250%	$33,975	**4%**	$113
300%	$40,770	**6%**	$204
350%	$47,565	**7.25%**	$287
400%	$54,360	**8.5%**	$385
> 400%	> $54,360	**8.5%**	varies

[1] *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?

Costs covered by a plan

QUALIFIED HEALTH PLAN (QHP) METAL LEVEL PLAN TIERS QHPs must provide plan designs consistent with actuarial values	
Platinum	90% actuarial value
Gold	80% actuarial value
Silver	70% actuarial value — BENCHMARK PLAN
Bronze	60% actuarial value
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 does 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.

Premiums paid by consumer

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

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:

$10,000/year ($833/month)

BENCHMARK PLAN → $10,500/year ($875/month)

$11,000/year ($917/month)

APTC Calculation (monthly)

$875	−	$93	=	$782
Benchmark Plan		**Family Contribution**		**APTC**

→ 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

- $7,000/year ($583/month)
- $7,500/year ($625/month)
- $8,000/year ($667/month)

APTC Calculation (monthly)

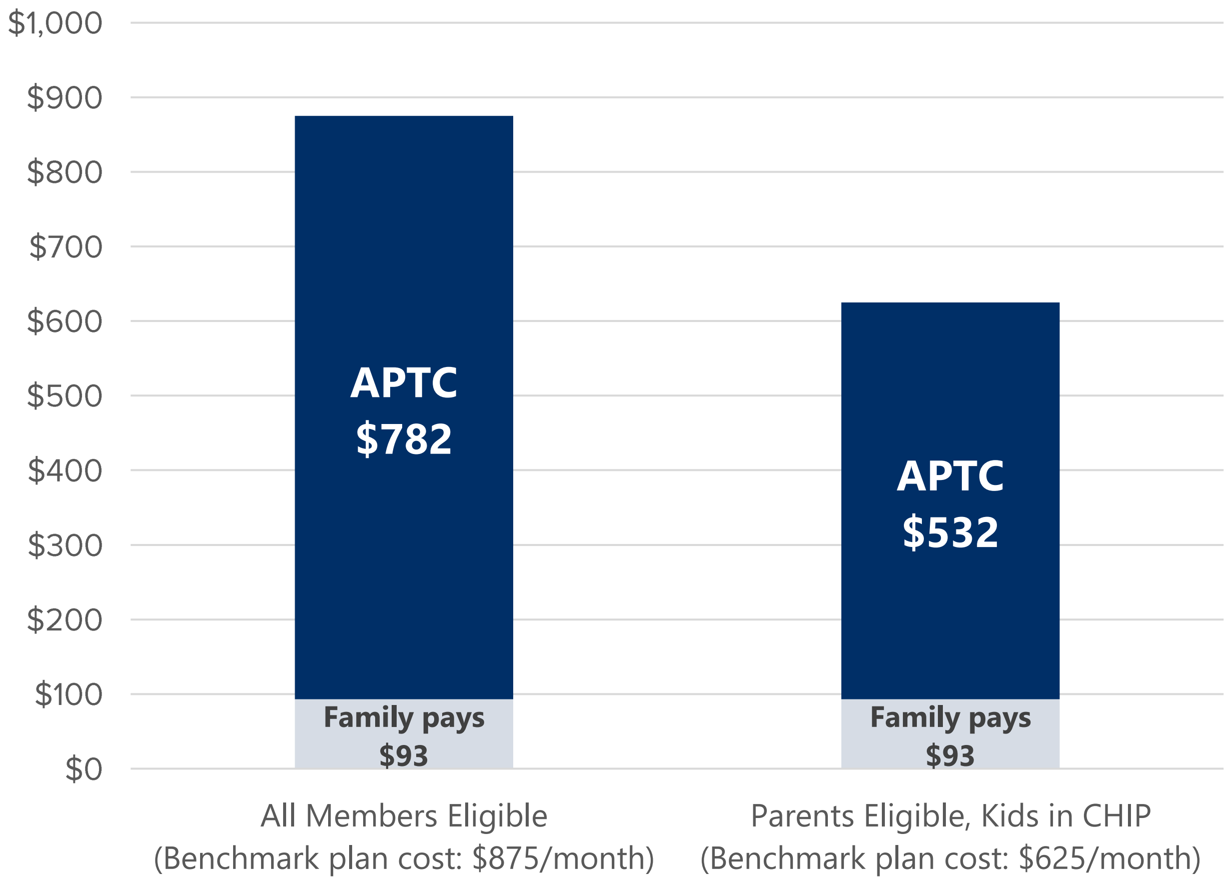
$625	−	$93	=	$532
Benchmark Plan		**Family Contribution**		**APTC**

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)

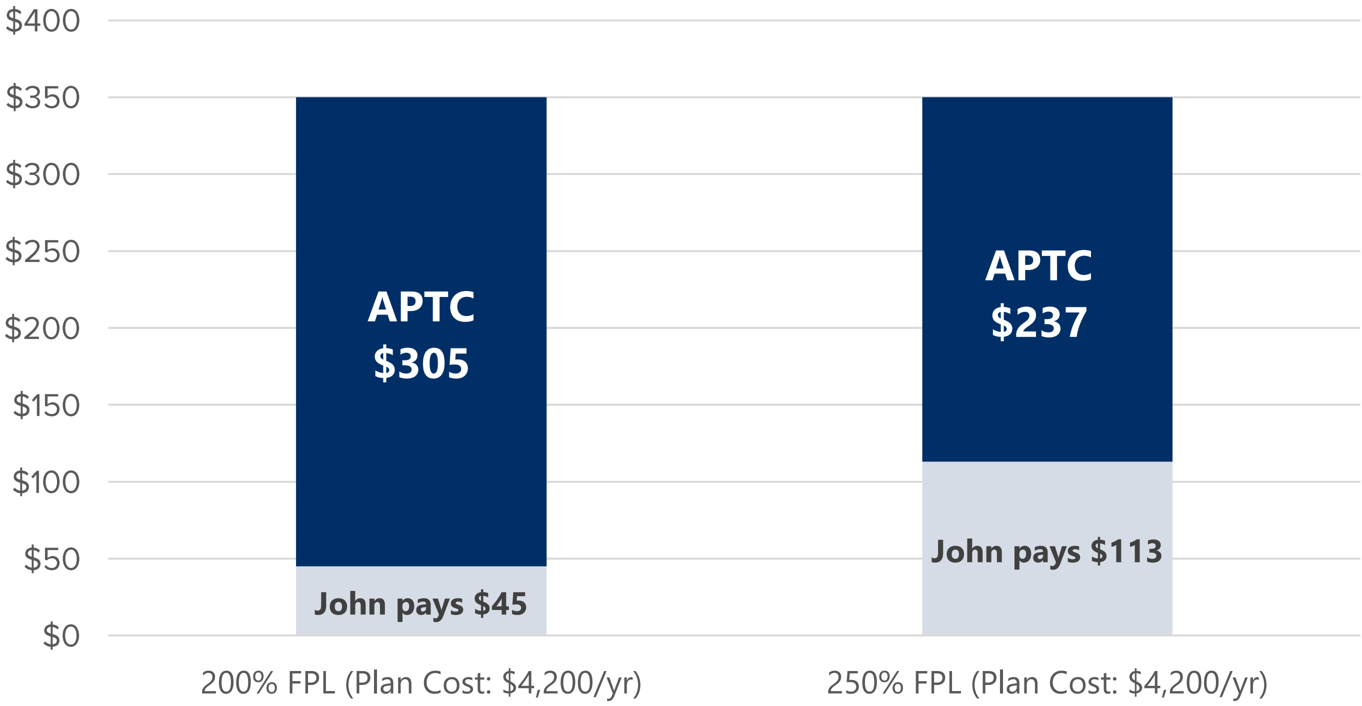
Beyond the Basics

Example: Impact of Income on APTC

John, 24 years old

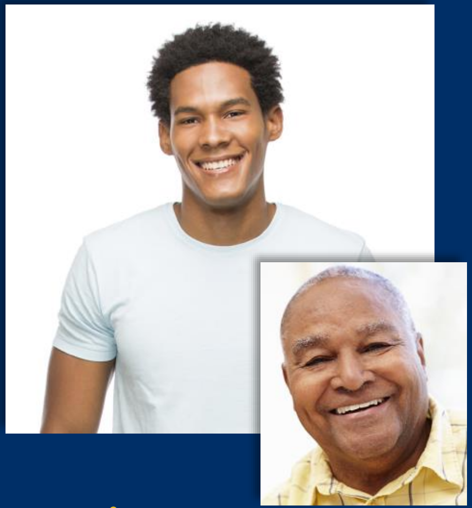
- Benchmark Plan: $4,200/year ($350/month)

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



Beyond the Basics

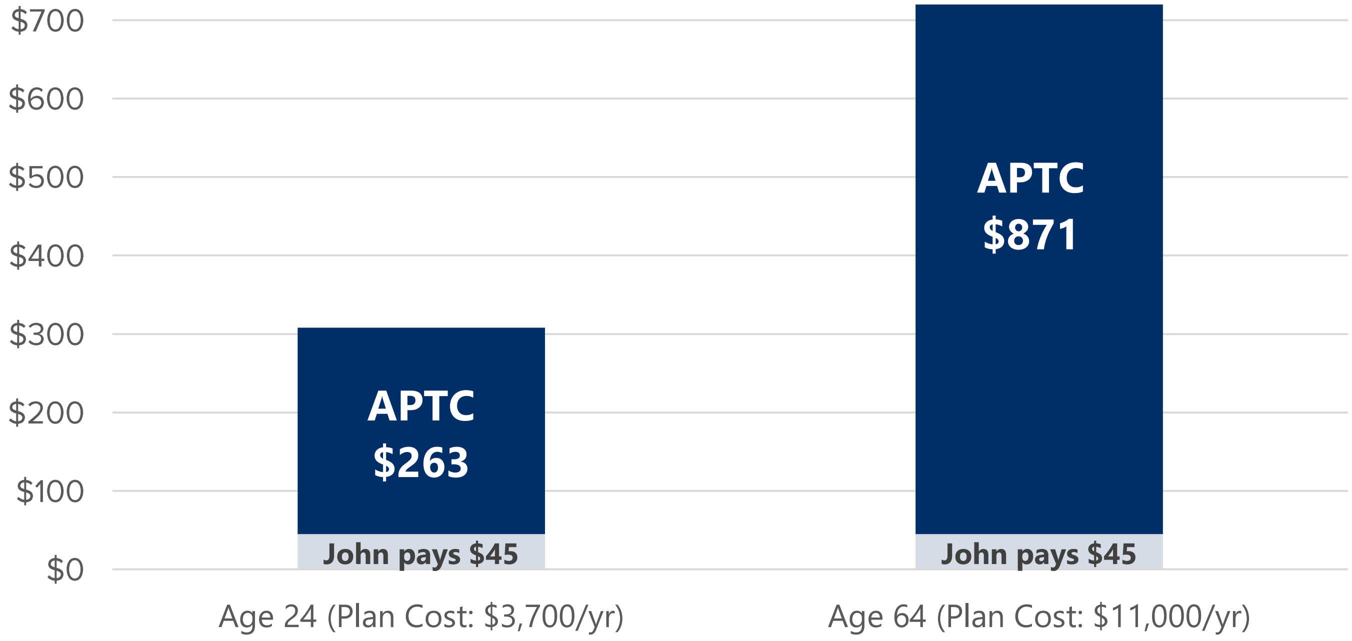
Example: Impact of Age on APTC Calculation



John

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

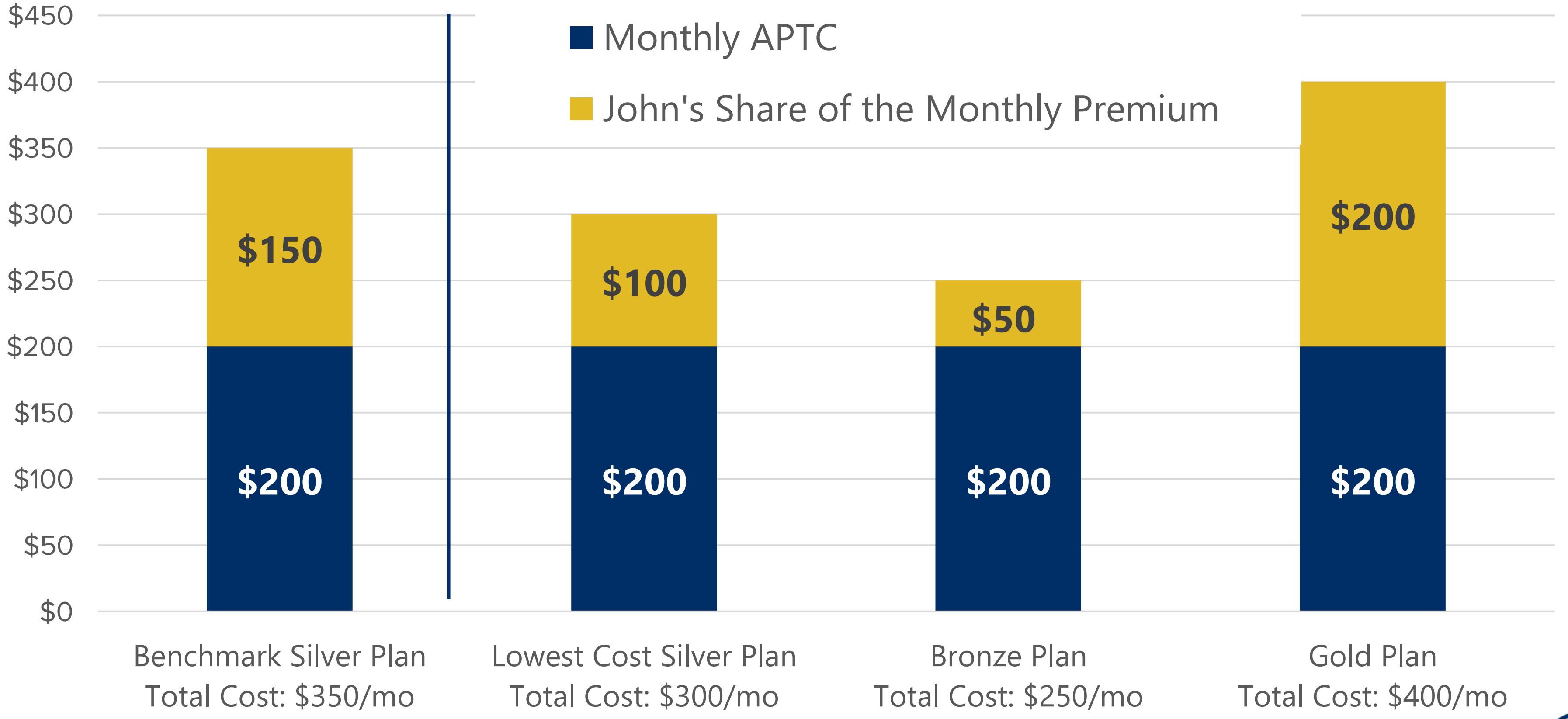
Age: 24	VS.	Age: 64
Benchmark Plan Cost: $3,700		Benchmark Plan Cost: $11,000
APTC: $3,156/year, $263/month *($3,700 - $544)*		APTC: $10,456/year, $871/month *($11,000 - $544)*



Example: Impact of Plan Choice on Premiums

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)



Beyond the Basics

Example: Impact of Plan Choice on Premiums

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)

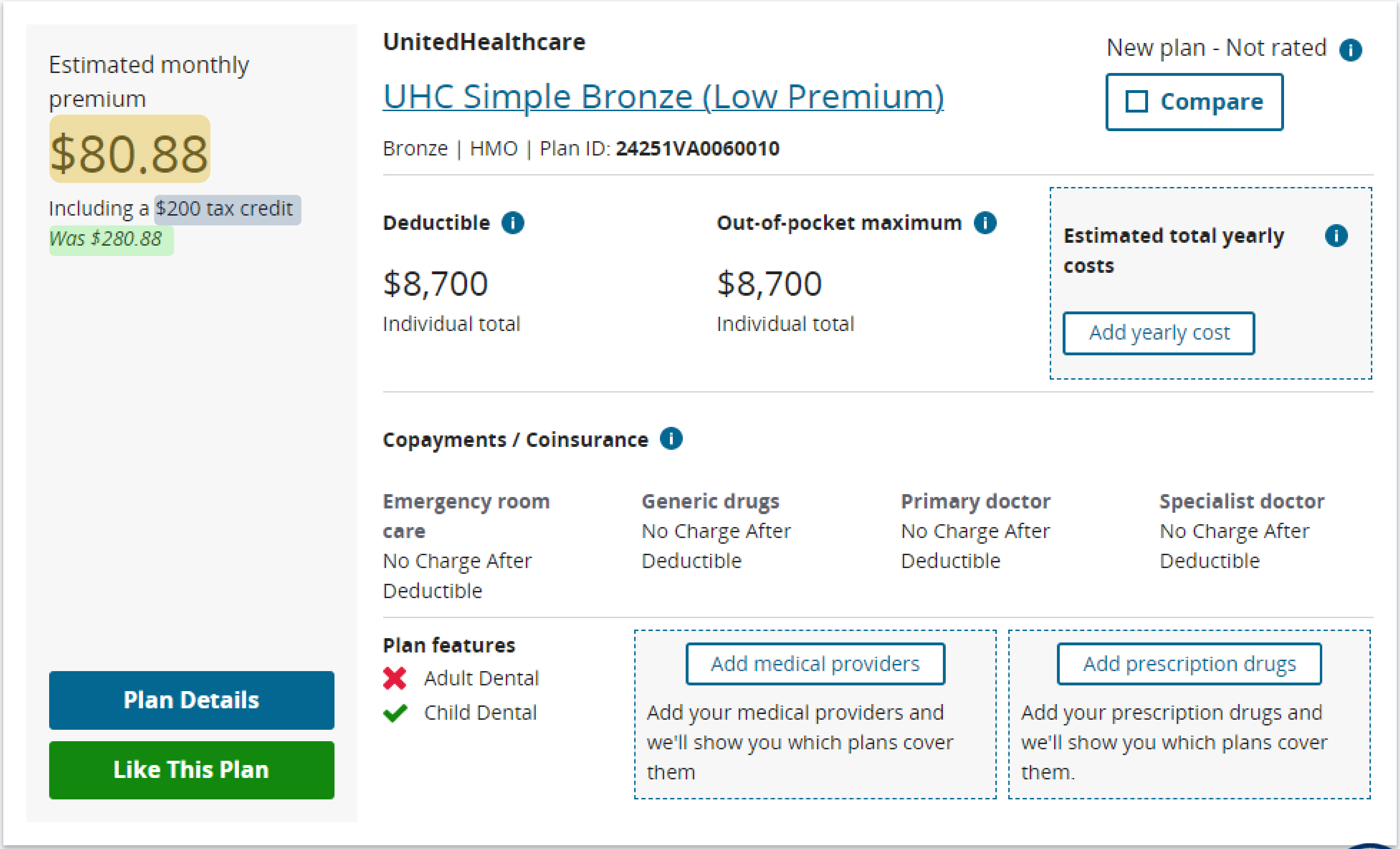
Monthly cost

+

PTC amount

—

Total premium



Beyond the Basics

Report Changes that Impact the APTC

- Report income and household changes
  - If someone earns <u>more</u> than they estimated, they could owe PTC back on their tax return if they don't report the change
  - If they earn <u>less</u> 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 <u>increases</u>, 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.

Repayment Caps

For more information on PTC repayment, see the *Health Reform: Beyond the Basics* [Key Facts: Premium Tax Credit](#)

People who have more income than they projected will owe back some or all of the APTC they received

REPAYMENT LIMITS (TY 2022)		
Income (as % of FPL)	SINGLE taxpayers will pay back no more than …	OTHER taxpayers will pay back no more than….
Under 200%	$325	$650
At least 200% but less than 300%	$825	$1,650
At least 300% but less than 400%	$1,400	$2,800
400% and above	None: Full repayment	None: Full repayment

Source: https://www.irs.gov/pub/irs-drop/rp-21-45.pdf

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 Malcom'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).

	What Malcolm received	What Malcolm was eligible for	Repayment amount
Pre-ARPA	$7,500	$0	$7,500
With enhanced PTCs	$7,500	$6,800	$700

Beyond the Basics

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

Beyond the Basics

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

Contact

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