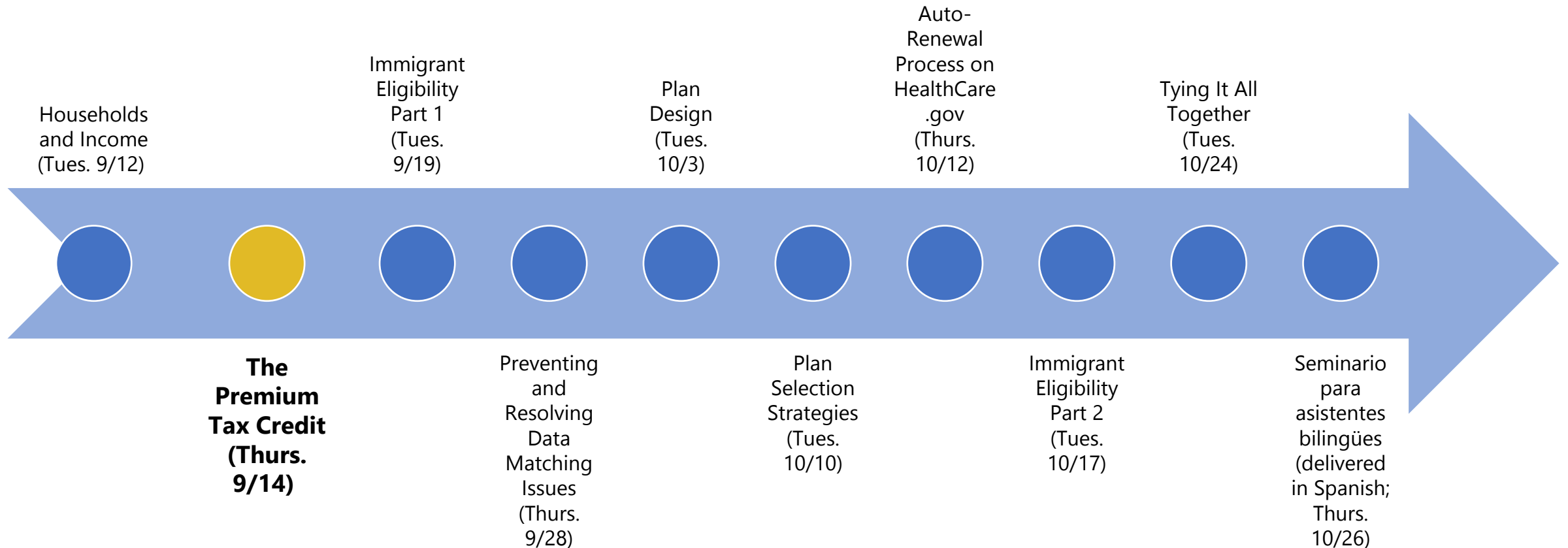




Premium Tax Credits

September 14, 2023

Fall Webinar Series



Register and find recordings and materials from past webinars in the series at:
<https://www.healthreformbeyondthebasics.org/category/webinars/>

Webinar Logistics

- After the webinar, we'll circulate the slides, a video recording of this presentation, and other resources. We'll also post everything to the Beyond the Basics website.
- Automated captions have been enabled for this webinar. To view them, click on the "more" option with three dots at the bottom of your screen. There you should have the option to turn on closed captioning.
- All participants are muted and in listen-only mode. If you'd like to ask a question:
 - Click on the Q&A icon at the bottom of your webinar screen and type your question into the box.
 - We will be monitoring questions and will pause for Q&A during the presentation.
 - We may not be able to answer every question asked, but we will have a record of all your questions and will use them as a guide for future resources and presentations.
 - You can also email your questions during and after the webinar to beyondthebasics@cbpp.org



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

Celebrating 10 Years of Coverage



Wendy Schrader

Director of Outreach and Enrollment, Compass Health Network (Missouri)

Years in Role: 10

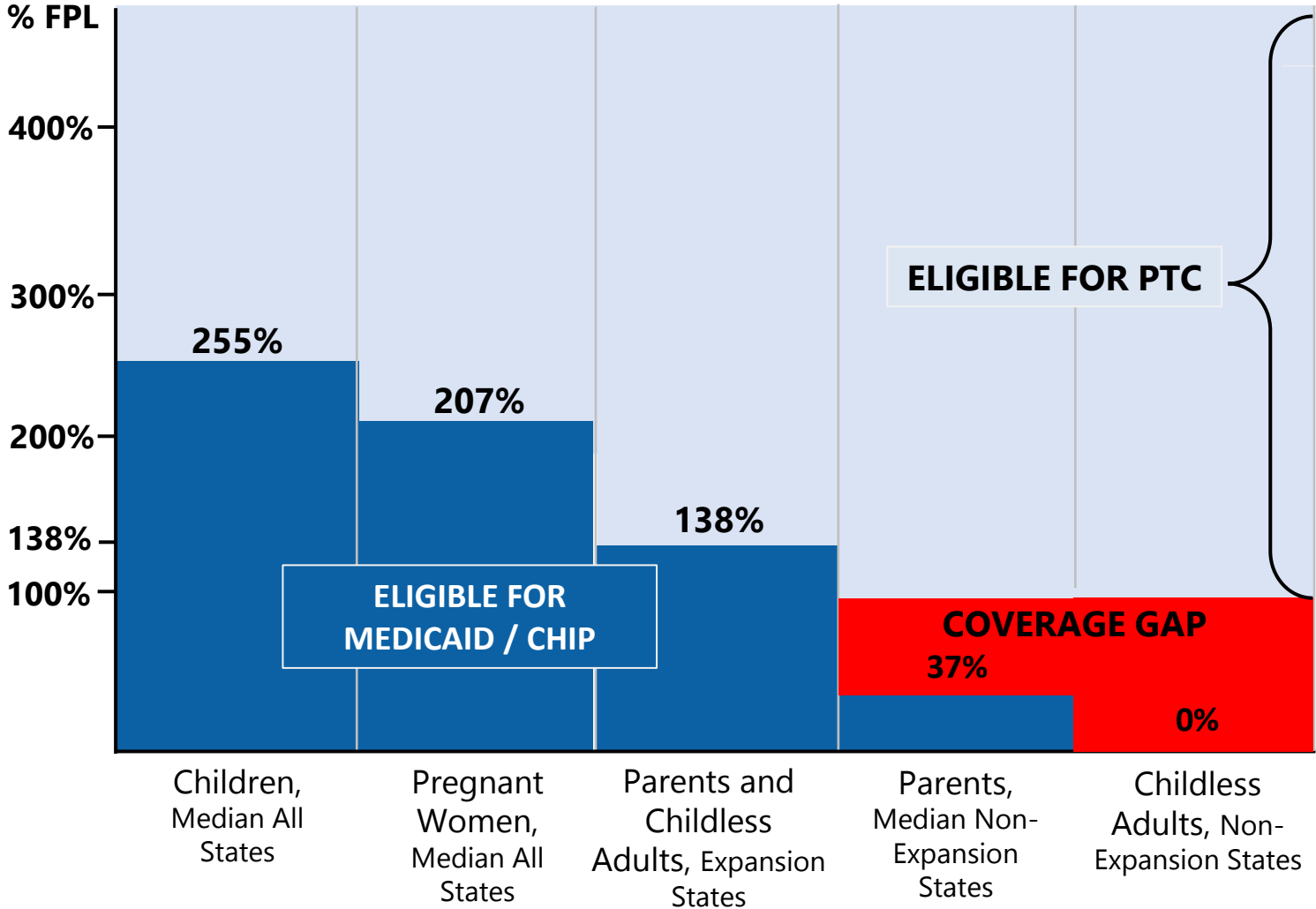
Advice to Assisters

- “Never underestimate how life-changing and life-saving your work is! The consumers who come to you for help, may have never navigated the system to enrollment on their own. Your knowledge, dedication and guidance are the keys that unlock the door to coverage.”

Premium Tax Credit Eligibility



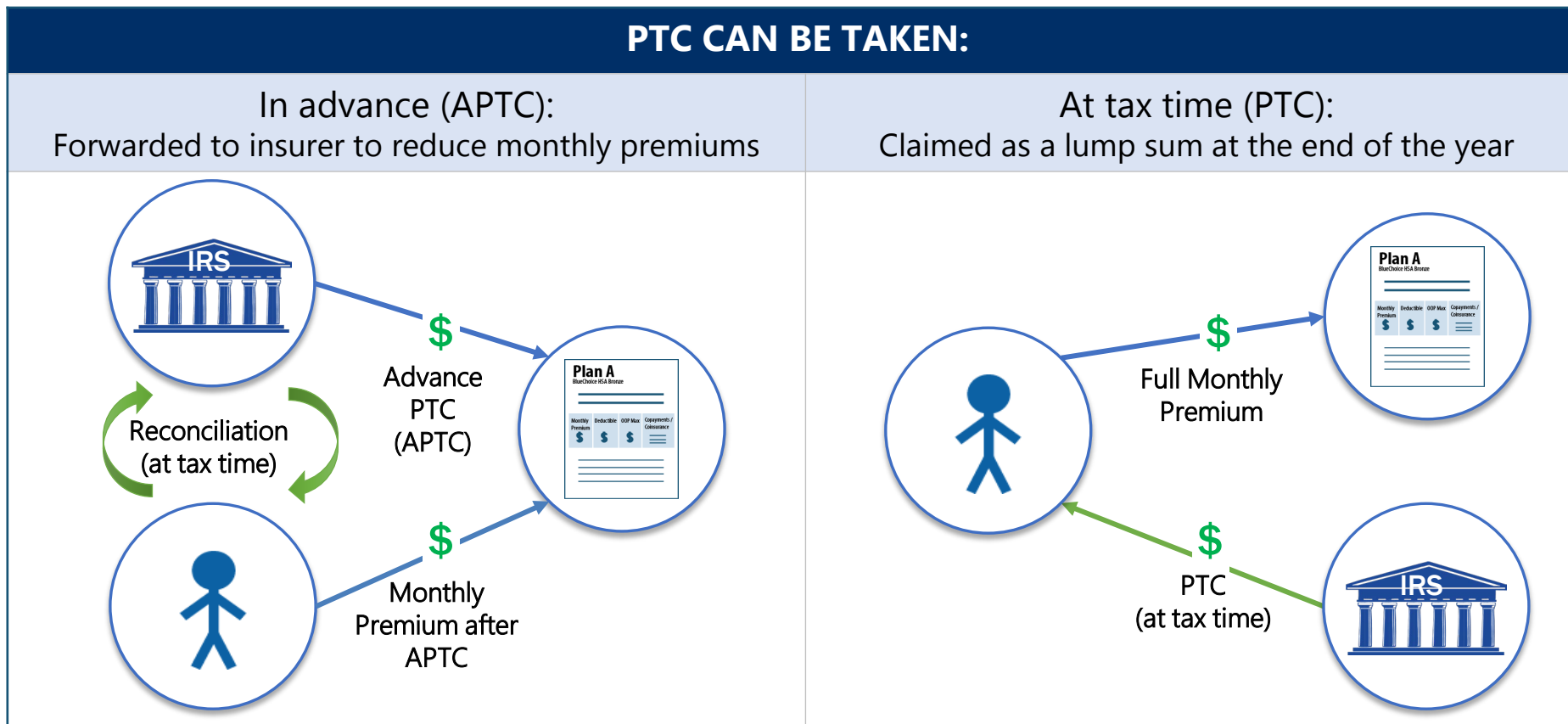
Overview of the 2024 Coverage Landscape



Source: Based on a national survey conducted by Kaiser Family Foundation with the Georgetown University Center for Children and Families, 2023: <https://www.kff.org/medicaid/report/medicaid-and-chip-eligibility-enrollment-and-renewal-policies-as-states-prepare-for-the-unwinding-of-the-pandemic-era-continuous-enrollment-provision/>

What is the Premium Tax Credit?

Premium tax credit (PTC): Financial assistance for eligible people who purchase coverage in the ACA marketplaces



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

PTC Eligibility Requirements

Income: At least 100% FPL

- Income must be at or 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

In addition, an ACA 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 minimum

Lawfully present individuals

- Lawfully present individuals with income under 100% FPL are eligible for PTC 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 are considered eligible for PTC

Household Size	2023 Federal Poverty Line (for 2024 coverage)				
	100%	138%	200%	250%	400%
1	\$14,580	\$20,120	\$29,160	\$36,450	\$58,320
2	\$19,720	\$27,214	\$39,440	\$49,300	\$78,880
3	\$24,860	\$34,307	\$49,720	\$62,150	\$99,440
4	\$30,000	\$41,400	\$60,000	\$75,000	\$120,000
5	\$35,140	\$48,493	\$70,280	\$87,850	\$140,560

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"*

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 2024 joint federal income tax return with Victor?

[Learn more about joint tax filing.](#)

- Yes
 No

i Filing taxes separately?

If these spouses plan to file separate tax returns for 2024, 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.](#)

HELP TEXT

Will Maria file a 2024 federal income tax return?

[Learn more about tax filing.](#)

- Yes
 No

Exceptions to the Joint Filing Requirement

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 requirements will be met.

Exceptions to the Joint Filing Requirement

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."

For more information, see:

<https://www.healthcare.gov/income-and-household-information/household-size/>

A married person can claim to be Single on the HealthCare.gov application under either of these circumstances:

Survivor of 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

There are no special documentation requirements, but a person 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

Form 1040-NR Department of the Treasury—Internal Revenue Service
U.S. Nonresident Alien Income Tax Return **2022** OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

For the year Jan. 1–Dec. 31, 2022, or other tax year beginning _____, 2022, ending _____, 2022. See separate instructions.

Filing Status
 Single Married filing separately (MFS) Qualifying surviving spouse (QSS) Estate Trust
 If you checked the QSS box, enter the child's name if the qualifying person is a child but not your dependent:
 Check only one box.

Your first name and middle initial _____ Last name _____ Your identifying number (see instructions) _____

Home address (number and street). If you have a P.O. box, see instructions. _____ Apt. no. _____

City, town, or post office. If you have a foreign address, also complete spaces below. _____ State _____ ZIP code _____

Foreign country name _____ Foreign province/state/county _____ Foreign postal code _____

Digital Assets At any time during 2022, did you: (a) receive (as a reward, award, or payment for property or services); or (b) sell, exchange, gift, or otherwise dispose of a digital asset (or a financial interest in a digital asset)? (See instructions.) Yes No

(1) First name	Last name	(2) Dependent's identifying number	(3) Relationship to you	(4) Check the box if qualifies for (see inst.):	
				Child tax credit	Credit for other dependents
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>

If more than four dependents, see instructions and check here

Income Effectively Connected With U.S. Trade or Business	Amount	Code
1a Total amount from Form(s) W-2, box 1 (see instructions)		1a
b Household employee wages not reported on Form(s) W-2		1b
c Tip income not reported on line 1a (see instructions)		1c
d Medicaid waiver payments not reported on Form(s) W-2 (see instructions)		1d
e Taxable dependent care benefits from Form 2441, line 26		1e
f Employer-provided adoption benefits from Form 8839, line 29		1f
g Wages from Form 8919, line 6		1g
h Other earned income (see instructions)		1h
i Reserved for future use	1i	
j Reserved for future use		1j
k Total income exempt by a treaty from Schedule OI (Form 1040-NR), item L, line 1(e)	1k	
z Add lines 1a through 1h		1z
2a Tax-exempt interest	2a	2b Taxable interest
3a Qualified dividends	3a	b Ordinary dividends
4a IRA distributions	4a	b Taxable amount
5a Pensions and annuities	5a	b Taxable amount
6 Reserved for future use		6
7 Capital gain or (loss). Attach Schedule D (Form 1040) if required. If not required, check here <input type="checkbox"/>		7
8 Other income from Schedule 1 (Form 1040), line 10		8
9 Add lines 1z, 2b, 3b, 4b, 5b, 7, and 8. This is your total effectively connected income		9
10 Adjustments to income:		
a From Schedule 1 (Form 1040), line 26	10a	
b Reserved for future use	10b	
c Reserved for future use	10c	
d Enter the amount from line 10a. These are your total adjustments to income		10d
11 Subtract line 10d from line 9. This is your adjusted gross income		11
12 Itemized deductions (from Schedule A (Form 1040-NR)) or, for certain residents of India, standard deduction (see instructions)		12
13a Qualified business income deduction from Form 8995 or Form 8995-A	13a	
b Exemptions for estates and trusts only (see instructions)	13b	
c Add lines 13a and 13b		13c
14 Add lines 12 and 13c		14
15 Subtract line 14 from line 11. If zero or less, enter -0-. This is your taxable income		15

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11364D Form 1040-NR (2022)

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

For more information on what counts as MEC, see the *Health Reform: Beyond the Basics* [MEC Reference Chart](#)

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

Eligibility for some types of MEC bars PTC eligibility:

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

Some types of MEC bar PTC 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 Minimum Essential Coverage

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 2024
- 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 2024. 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)
<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Medicaid providing <u>only</u>: <ul style="list-style-type: none"> - 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 PTC 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 8.38% of household income. This bars eligibility for PTC.

-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 PTC (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 PTC purposes)
<ul style="list-style-type: none">• 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)	<ul style="list-style-type: none">• 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 8.39%** of household income (in 2024)
- ESI is “affordable” for the spouse and dependents if the employee contribution for **family coverage is up to 8.39%** of household income (in 2024)
- If ESI is considered unaffordable, the employee and/or spouse and dependents can qualify for PTC

A family member can also get PTC 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)

ESI Affordability 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 themselves?

Alex's premium amount

How often?

Coverage for Alex, Bailey, & Carly

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

Alex's premium amount

How often?

[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.](#)

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

Example: Offers of ESI and Eligibility for APTC



Yinka and Lauren are married and have one child, Anthony

Their household income is \$56,000 (~225% FPL)

Yinka's employer offers only one comprehensive coverage plan that meets minimum value. There are three enrollment options:

- Just Yinka: \$215 per month
- Yinka and Lauren: \$400 per month
- Family: \$550 per month

Yinka wants to know if his family qualifies for financial help.

Example: Offers of ESI and Eligibility for APTC



Summary of Plan Costs and Household Income	
Household Income:	\$56,000/year (\$4,667/month)
Employee-only premium cost:	\$215/month
Employee + spouse cost:	\$400/month
Family premium cost:	\$550/month
Minimum value (MV):	✓ 80% AV

Are Yinka and his family eligible for PTC?

Employee test: Is Yinka's plan affordable?	Yes. Yinka's share of the premium for coverage for him only is 4.6% of household income (\$215/\$4667). $4.6\% < 8.39\%$	✗ Yinka is not eligible for a PTC.
Family test: Is Yinka's plan affordable for his family?	Look at the <u>family premium</u> <i>not</i> the employee + spouse premium. The family premium is 11.7% of their household income (\$550/\$4,667), so it is not considered affordable. $11.8\% > 8.39\%$	✓ Lauren and Anthony are eligible for a 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 and out of pocket costs will add up.

Example: Offers of ESI and Eligibility for APTC



Summary of Plan Costs and Household Income	
Household Income:	\$56,000 (\$4,667/month)
Employee-only premium cost:	\$215/month
Employee + kids premium cost:	\$350/month
Minimum value (MV):	✓ 80% AV
Spousal coverage:	<i>No offer</i>

What if Yinka's employer doesn't offer spousal coverage?

Employee test: Is Yinka's plan affordable?	Yes. Yinka's share of the premium for coverage for him only is 4.6% of household income ($\$215/\$4,667$). $4.6\% < 8.39\%$	✗ Yinka is not eligible for a PTC.
Family test: Is Yinka's plan affordable for Anthony?	The employee + kids premium is 7.5% of their household income ($\$350/\$4,667$), so it <u>is</u> considered affordable. $7.5\% < 8.39\%$	✗ Anthony is not eligible for a PTC.
Spouse: What are Lauren's options?	Lauren does not have an offer of ESI. With household income at 225% of FPL, she is eligible for a PTC.	✓ Lauren is eligible for a PTC.

Additional Rules and Exceptions in ESI

Offer alone disqualifies someone from PTCs	Only disqualified from PTCs if <i>enrolled</i>
<ul style="list-style-type: none">• Employer sponsored coverage that meets affordability and minimum value standards (even if the person is not enrolled or missed open enrollment)*	<ul style="list-style-type: none">• 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, the person is eligible for PTC during those months only.

** If employer coverage is not affordable or minimum value, but the employee enrolls in it anyway, the employee cannot get PTC in those months. They would need to drop the coverage to enroll in a marketplace plan with PTC. Dropping coverage for this reason does not trigger a special enrollment period.

Example: Option to Enroll in COBRA

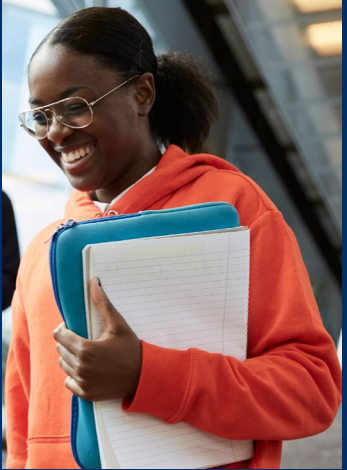


Last month, Ana voluntarily left a job and lost her job-based health insurance. She has an offer of COBRA, but the premium is very expensive.

Ana <u>does not</u> enroll in COBRA	Ana <u>does</u> enroll in COBRA
<p>✓ Ana can get PTC, even if she has a COBRA offer, as long as she doesn't <u>enroll</u> in COBRA.</p> <p>She can enroll in marketplace covering during her "loss of minimum essential coverage" special enrollment period or during marketplace open enrollment.</p>	<p>✗ Ana has COBRA, so she is ineligible for PTC</p> <p>Ana <i>can</i> drop COBRA and enroll in marketplace coverage with PTC at specific times:</p> <ul style="list-style-type: none">• During her 60-day loss of minimum essential coverage special enrollment period (or any other special enrollment period)• During marketplace open enrollment. <p>Dropping COBRA does not trigger a special enrollment period.</p>

Note: Offers of retiree coverage and student health plans have the same rules.

Example: Coverage Choices for Young Adults



Tiffany, 23 years old

Graduate student and Single tax filer

Income: \$21,000 (144% FPL)

Her mom's employer offers family coverage.

- Even though she is no longer a tax dependent, Tiffany has the option of staying on her parent's ESI until she reaches age 26 .
- The offer through her mom's ESI does not bar eligibility for PTC because Tiffany is not on the same tax return as her mom.

Her school offers a student health plan.

- An offer of a student health plan does not bar eligibility for PTC (unless currently enrolled in student health plan).

OFFER 1: Coverage from Mom's ESI	
Cost	\$0/month (family coverage)
AV	80% AV

OFFER 2: Student Health Plan	
Cost	\$150/month
AV	70% AV

OFFER 3: Marketplace Coverage	
Cost	\$0/month after PTC
AV	94% AV after CSR

Other Employer Coverage: HRAs

For more information on QSEHRA and ICHRA plans, see: *Health Reform: Beyond the Basics: [Employer Coverage & Premium Tax Credit Eligibility Guide](#)*

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

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 PTC 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: <ul style="list-style-type: none">• APTC is allowed for months of retroactive Medicaid coverage• The person can choose to remain in the marketplace with APTC for the entire calendar year or enroll in Medicaid
Medicare	A person loses eligibility for PTC when they become eligible for Medicare, even if they don't enroll . PTC eligibility ends on <i>the first day of the fourth full month</i> 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 PTC 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.

Q&A Break



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

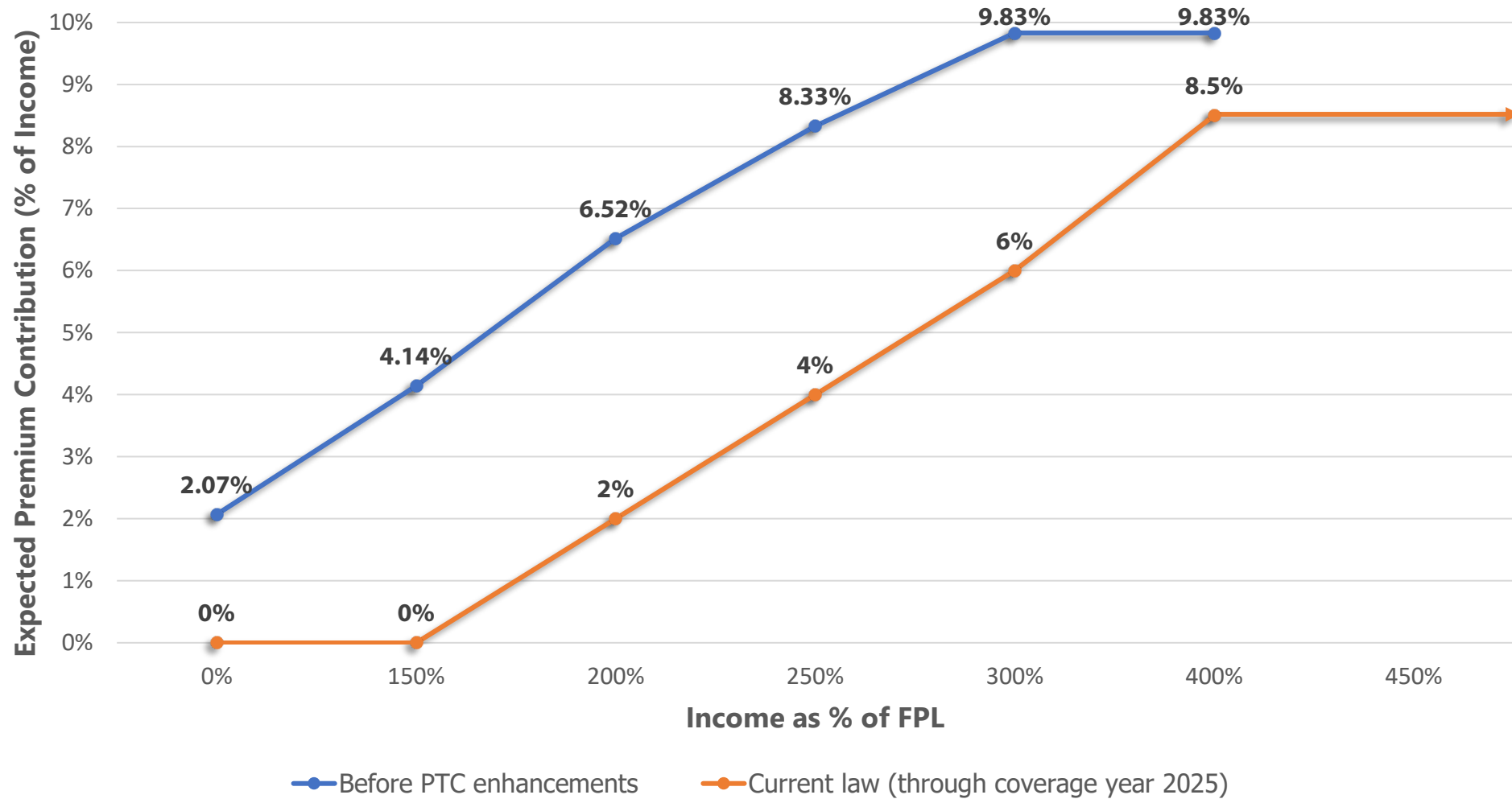
The premium cost of the second lowest cost silver plan (SLCSP) available to each eligible household member



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 2024?







Expected Contributions at Certain Income Levels (2024)

Annual Household Income		Expected Premium Contribution	
% of FPL	Income Amount (For HH of 1 using 2023 FPL)	% of Income	Monthly Dollar Amount (For HH of 1 using 2023 FPL)
< 150% ¹	< \$21,870	0%	\$0
200%	\$29,160	2%	\$49
250%	\$36,450	4%	\$122
300%	\$43,740	6%	\$219
350%	\$51,030	7.25%	\$308
400%	\$58,320	8.5%	\$413
> 400%	> \$58,320	8.5%	varies

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

Note: 2023 federal poverty guidelines are used to determine eligibility for 2024 coverage.

What Is a Benchmark Plan?

QUALIFIED HEALTH PLAN (QHP) METAL LEVEL PLAN TIERS QHPs must provide plan designs consistent with actuarial values				
Costs covered by a plan	Platinum 	90% actuarial value	Premiums paid by consumer	
	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.

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 PTC calculation

Plan chosen by consumer

Amount of PTC is pegged to the benchmark plan, but the consumer can purchase a plan at any metal level

Example: Calculating the APTC

Jerry and Luis

Income: \$39,500/year (200% FPL)

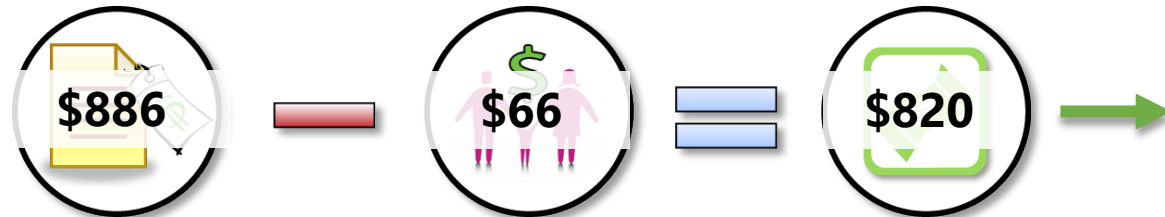
Expected income contribution: 2% of income (\$790/year, \$66/month)

3 LOWEST COST SILVER PLANS THAT COVER JERRY AND LUIS:

BENCHMARK PLAN

- Plan A: BlueChoice HMO Silver: \$10,596/year (\$883/month)
- Plan B: Highmark PPO Silver: \$10,632/year (\$886/month)
- Plan C: Kaiser Permanente Silver: \$10,740/year (\$895/month)

APTC Calculation (monthly)



Benchmark Plan

Family Contribution

APTC

They can use this APTC amount to buy any plan

Example: Impact of Benchmark Plan on APTC Calculation

Jerry and Luis

- Income: \$39,500/year (200% FPL)
- Expected income contribution: 2% of income (\$790/year, \$66/month)
- **Now, let's assume Jerry has an affordable offer of ESI**

3 LOWEST COST SILVER PLANS THAT COVER JUST LUIS:

BENCHMARK PLAN →

- \$5,088/year (\$424/month)
- \$5,160/year (\$430/month)**
- \$5,328/year (\$444/month)

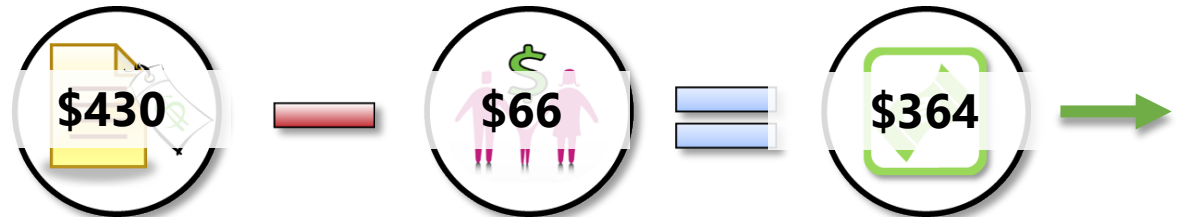
Plan A
BlueChoice HMO Silver

Plan B
Highmark PPO Silver

Plan C
Kaiser Permanente Silver

Monthly Premium	Deductible	OOP Max	Copayments / Coinsurance
\$	\$	\$	
\$	\$	\$	
\$	\$	\$	

APTC Calculation (monthly)



He can use this APTC amount to buy any plan

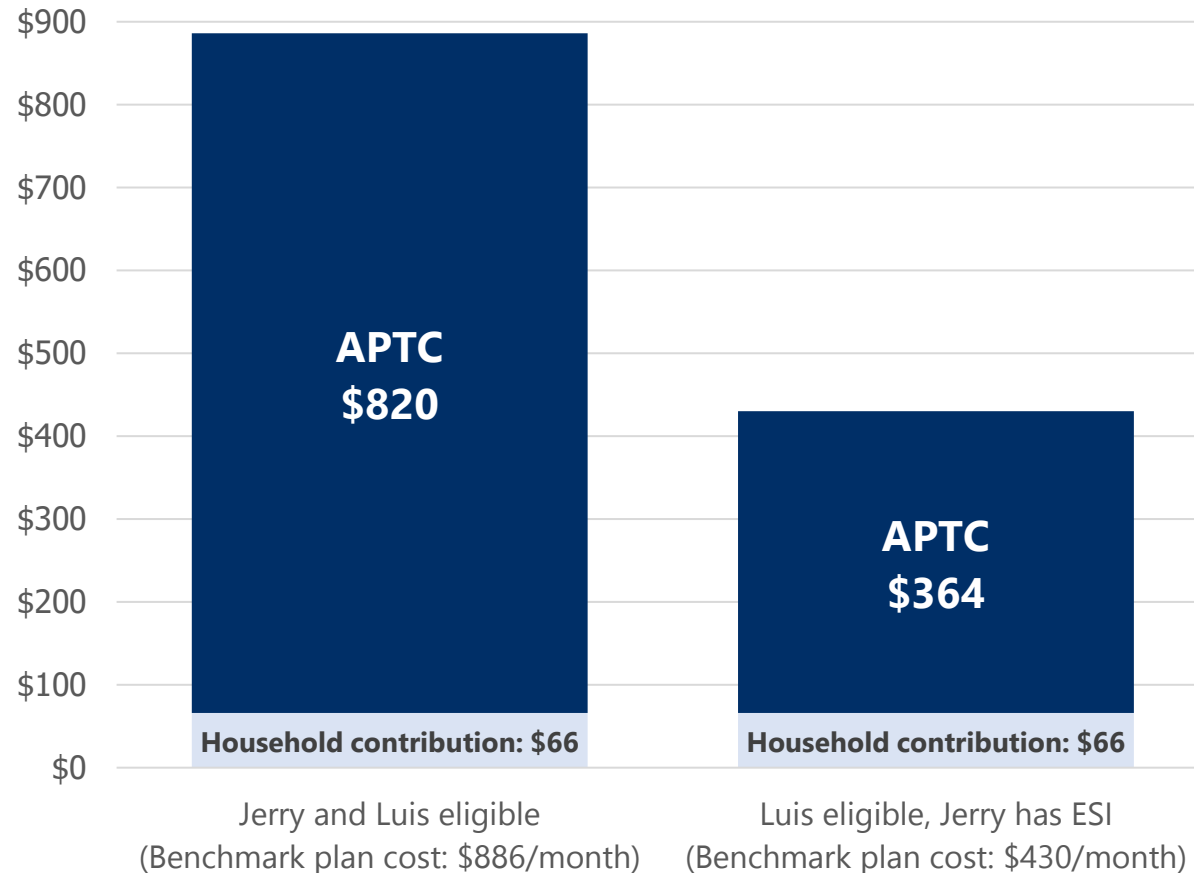


Example: Impact of Benchmark Plan on APTC Calculation



Jerry and Luis

- Income: \$39,500/year (200% FPL)
- Expected income contribution: 2% of income (\$790/year, \$66/month)



Key takeaway:
The household pays the same amount, regardless of the number of people enrolled (since the household's contribution is based on income, not plan cost)

Marisa, 28 years old

Benchmark Plan: \$4,512/year (\$376/month)

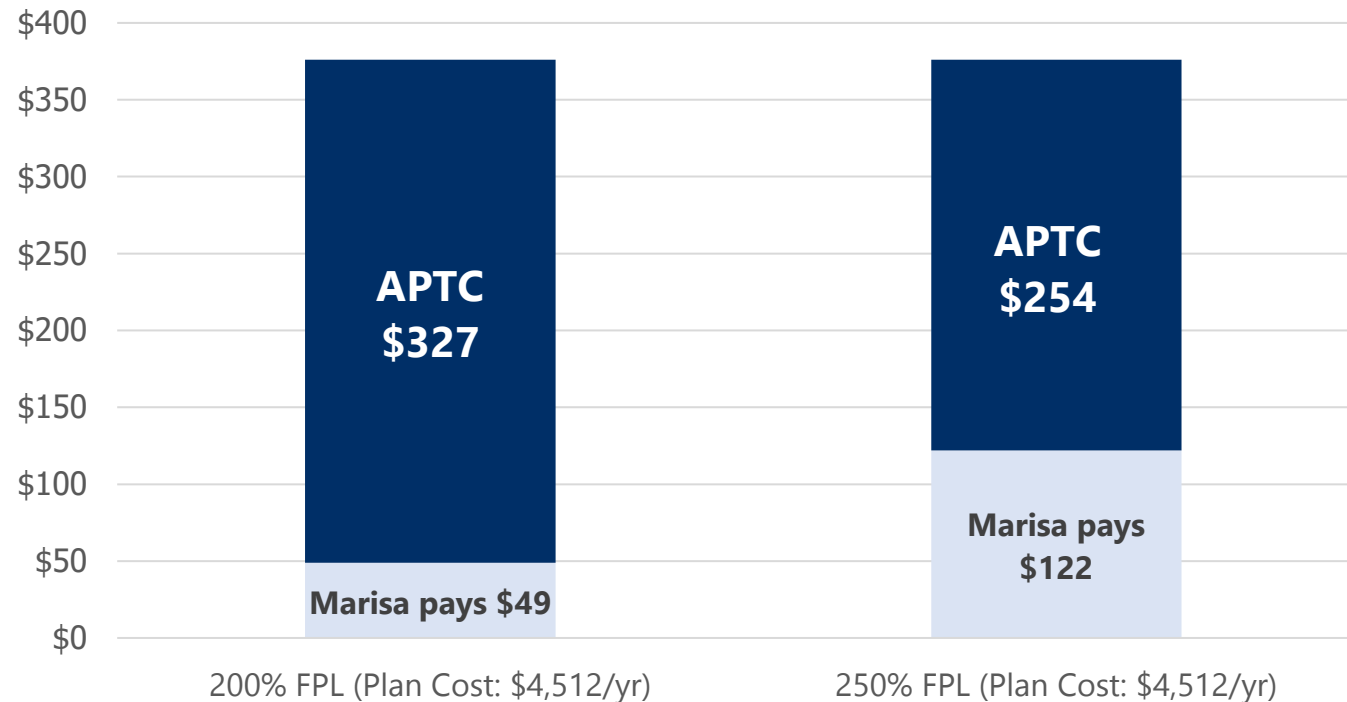
Example: Impact of Income on APTC



200% FPL
Income: \$29,160/year
Expected income contribution: 2% \$583/year (\$49/month)
PTC: $\$4,512 - \$583 = \$3,929$ /year <i>(\$376 - \$49 = \$327/month)</i>

vs.

250% FPL
Income: \$36,450/year
Expected income contribution: 4% \$1,458/year (\$122/month)
PTC: $\$4,512 - \$1,458 = \$3,054$ /year <i>(\$376 - \$122 = \$254/month)</i>



Example: Impact of Age on APTC Calculation

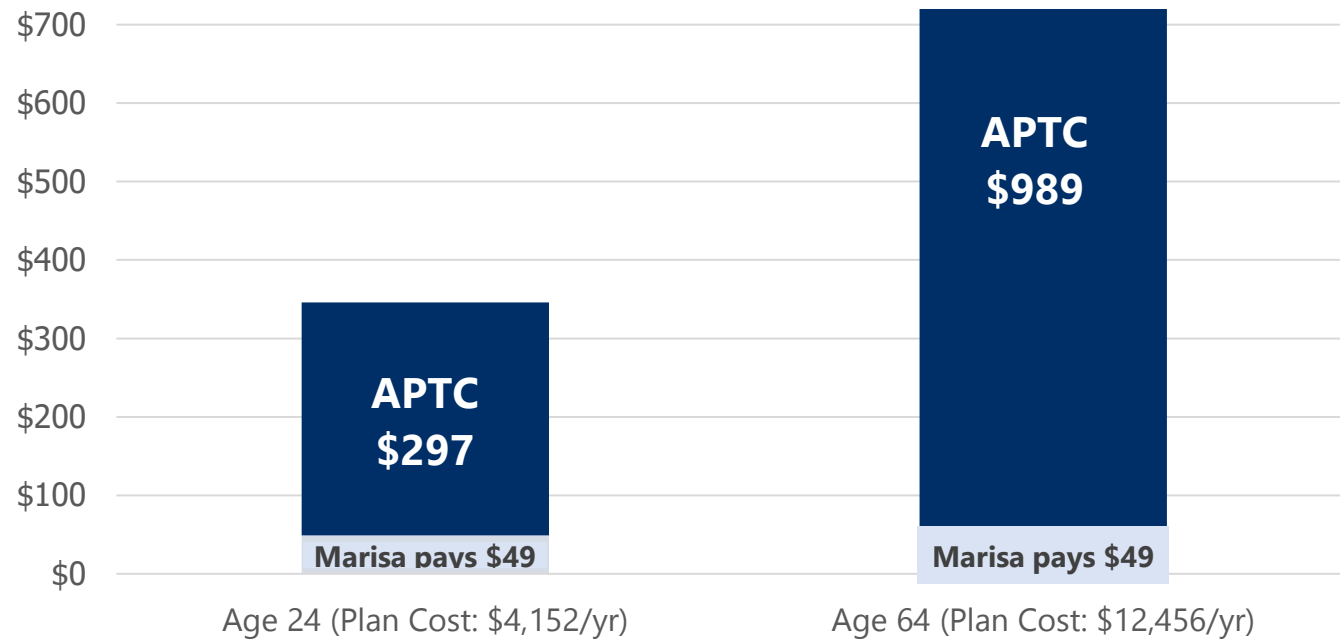


Marisa

Income: \$29,160/year (200% FPL)

Expected Contribution: \$583/year, \$49/month (2% of income)

Age: 24	vs.	Age: 64
Benchmark Plan Cost: \$346/month		Benchmark Plan Cost: \$1,038/month
PTC: \$346-\$49 = \$297		PTC: \$1,038-\$49 = \$989

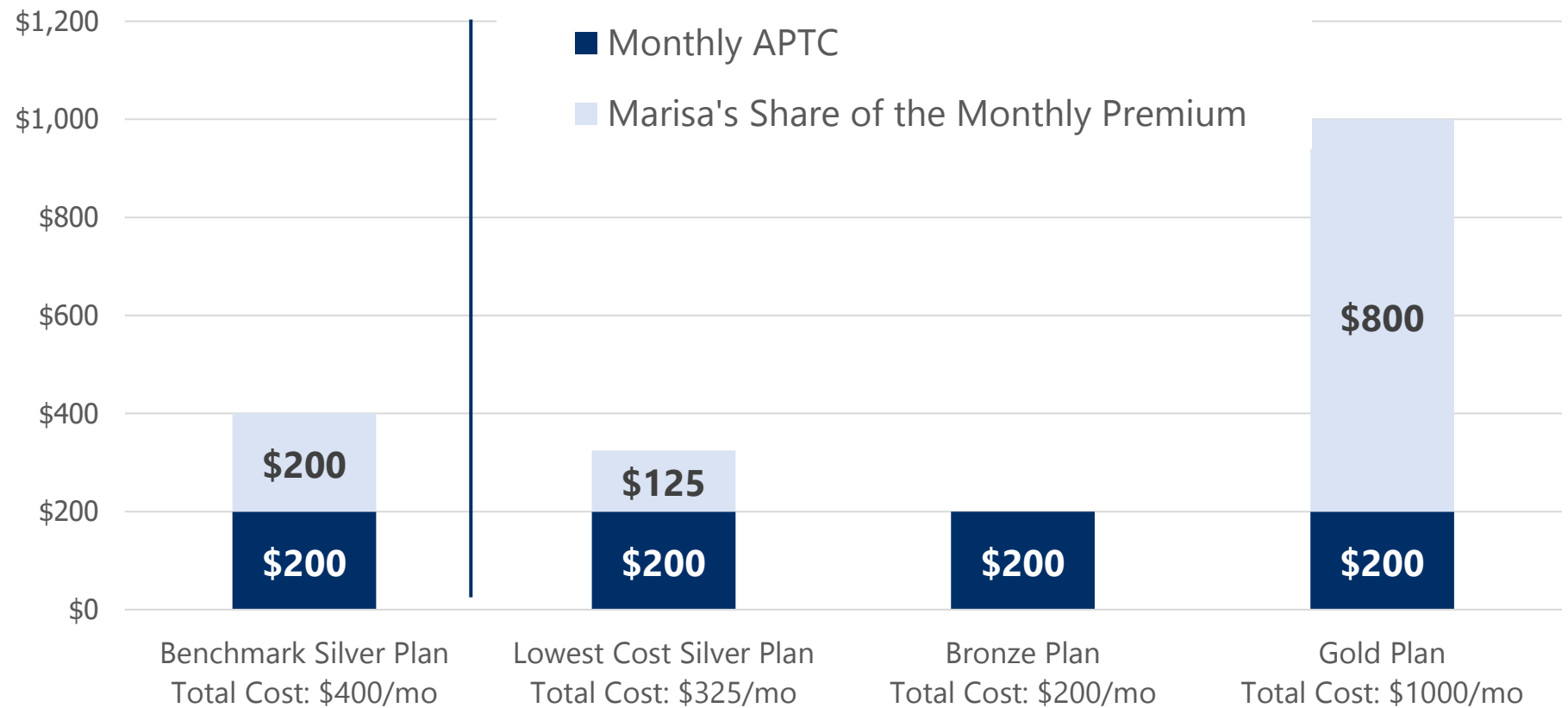


Example: Impact of Plan Choice on Premiums



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)



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**

Estimated monthly premium
\$86.23
Including a \$200 tax credit
Was \$286.23

[Plan details](#)
[Like this plan](#)

BlueCross BlueShield of South Carolina ★★★★☆ [Compare](#)
BlueEssentials Standard Bronze
Bronze | EPO | Plan ID: 260655C0690004

Deductible ⓘ \$9,100 Individual total (health & drug combined)	Out-of-pocket maximum ⓘ \$9,100 Individual total	Estimated total yearly costs ⓘ Add yearly cost
--	---	--

Copayments / Coinsurance ⓘ

Emergency room care No charge after deductible	Generic drugs No charge after deductible	Primary doctor No charge after deductible	Specialist doctor No charge after deductible
--	--	---	--

Plan features

- ✗ Adult Dental
- ✗ Child Dental

[Add medical providers](#)
Add your medical providers and we'll show you which plans cover them

[Add prescription drugs](#)
Add your prescription drugs and we'll show you which plans cover them.

Report Changes that Affect 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, Kim's APTC is \$2,400 (\$200/month).
- In September, Kim reports higher income, after they have already received \$1,800 in APTC.
- Based on their new income, they're eligible for \$1,200 in APTC *for the year*. HealthCare.gov calculates an APTC of \$100/month for the rest of the year. ($\$1,200/12 \text{ months} = \$100/\text{month}$)
- They should reduce the amount of APTC they receive to zero. Kim has already received more APTC than they are eligible for 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 2023)		
Income (as % of FPL)	SINGLE taxpayers will pay back no more than ...	OTHER taxpayers will pay back no more than....
Under 200%	\$350	\$700
At least 200% but less than 300%	\$900	\$1,800
At least 300% but less than 400%	\$1,500	\$3,000
400% and above	None: Full repayment	None: Full repayment

Source: <https://www.irs.gov/pub/irs-drop/rp-22-38.pdf>

Example: Income over 400% FPL and APTC Repayment



For 2024, Junia projects her income will be \$51,000 (350% FPL). She receives APTC of **\$5,300**.

But at the end of next year, her annual household income is \$62,000 (425%). Based on that income, she is actually only eligible for APTC of **\$4,000**.

Previously, because Junia's year-end household income was over 400% FPL, she would have had to pay back the entire APTC she received: \$5,300.

Because APTC is available for people with income over 400% FPL in 2024, Junia would only have to pay back **\$1,300** (\$5,300 - \$4,000).

	What Junia received	What Junia was eligible for	Repayment amount
Pre-ARPA	\$5,300	\$0	\$5,300
With enhanced PTCs	\$5,300	\$4,000	\$1,300

Q&A



Key Takeaways & Resources

Reference Guide: [Yearly Guidelines and Thresholds](#) (Coverage Year 2024/Tax Year 2023)

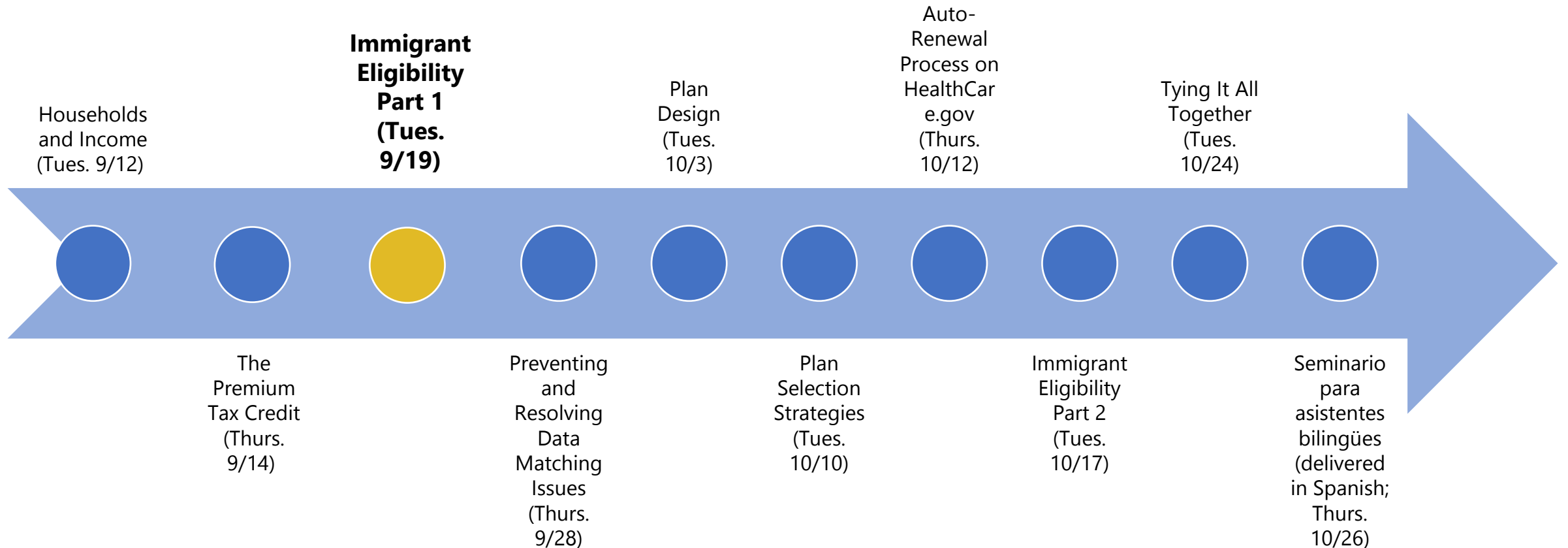
- Annually updated FPL levels for current and prior years
- Expected premium contributions
- Employer coverage affordability threshold
- Out-of-pocket maximums, including for CSR plans
- Tax filing thresholds
- Repayment caps for APTC

Reference Chart: [Minimum Essential Coverage](#)

Key Facts:

- [Premium Tax Credits](#)
- [Employer-Sponsored Coverage and PTC Eligibility](#)

Upcoming Webinars



Register and find recordings and materials from past webinars in the series at:
<https://www.healthreformbeyondthebasics.org/category/webinars/>

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