



Health Reform: **Beyond the Basics**

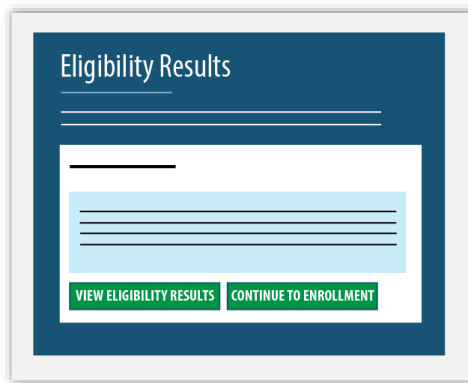
[healthreformbeyondthebasics.org](http://healthreformbeyondthebasics.org)

# Healthcare.gov Auto-Renewal Process for 2018

*Center on Budget and Policy Priorities*

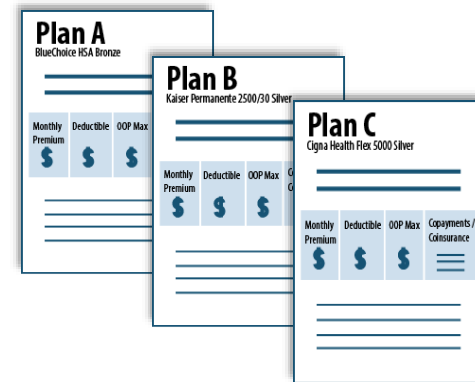
*An Explanation Video: November 2017*

## Redetermining Eligibility & Amount of Financial Help



vs.

## Auto-Enrollment into a Plan



→ Process Healthcare.gov uses to redetermine eligibility for 2018 advance premium tax credits (APTC) and cost-sharing reductions (CSR)

→ Process Healthcare.gov uses to assign 2018 plan enrollment

## Marketplace Open Enrollment Notices (MOEN)

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- Description of redetermination and re-enrollment process
  - Multiple reminders about importance of updating application and comparing plan options
  - If eligible, explanation of how amount of APTC/CSR will be determined for 2018 if enrollee does not contact the Marketplace
  - For certain groups, will include warning that if no action is taken, will be re-enrolled WITHOUT APTC or CSR
- Important deadlines for open enrollment
- Requirement to report changes

## Notices from Insurers

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- Availability of current plan
  - Includes key changes to benefits and cost sharing
  - If current plan **not available**, details discontinuance of current coverage, and if another plan is available through the same insurer, provides information on new plan
- Premiums for current or new plan
  - Estimates premium amount taking into account monthly APTC amount a person currently receives (if any)
  - **Important!** APTC in notice reflects current APTC an enrollee receives, not redetermined APTC → Actual APTC for 2018 will often be higher (because of higher-cost benchmark plans) making premiums more affordable
- Information about other health coverage options
  - Includes how to pick a different plan in the Marketplace

**Note:** *If no plan available from current insurer, will be matched with new plan with a new insurer in the Marketplace*

- *New insurer should send notice with details on new plan*
- *Marketplace will send cross-issuer notice*

## Cross-Issuer Notice

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- If matched with a new plan with a new insurer, will receive an additional Marketplace notice
  - Includes name of new plan and insurer
  - Includes information on next steps, including how to compare other options and how to activate a special enrollment period

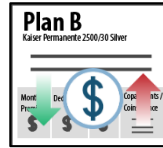
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# Redetermination of APTC

*(in Healthcare.gov)*



Eligible to re-enroll **with** APTC/CSR



Eligible to re-enroll **without** APTC/CSR



**Do nothing:**  
APTC/CSR renewed using updated FPL and benchmark premiums and most recent income information

**Provide updated info to the Marketplace:**  
APTC/CSR renewed based on updated information from consumer, using new FPL and benchmark premiums

**Do nothing:**  
Auto-enrolled without APTC/CSR

## Standard Group:

- Authorized Healthcare.gov to pull tax data related to income and household size
- Available income information shows income within 100% - 350% FPL
- Don't fall into one of "special groups" that cannot be redetermined

## Income-Based Outreach Group:

- Authorized Healthcare.gov to pull tax data related to income and household size
  - One of the following applies:
    - Available income information shows income above 350% FPL
    - 2016 tax data shows income more than 50% different from 2017 eligibility
    - Available income information shows income under 100% FPL
- !** *Likely had changes and may not receive correct amount of subsidies in 2018 → Marketplace Open Enrollment Notice will emphasize this and encourage individual to return to the Marketplace*



**IF NO ACTION TAKEN:** Auto-renewed with redetermined APTC/CSR



## Opt-Out Group:

- **Did not authorize** Healthcare.gov to pull tax data related to income and household size
- ! *Marketplace cannot look up most recent income information to redetermine eligibility*

## Over Income Group:

- 2016 tax information shows income **above 500% FPL**
- ! *Likely to be over income for APTC eligibility*

## Failure to Reconcile Group:

- Received APTC in 2016, but **didn't reconcile APTC** received for that year
- ! *Not eligible for APTC until 2016 APTC is reconciled*

## Repeat Passive Group:

- **Auto-renewed for past two years**, did not return to the marketplace to update eligibility in those years, and no IRS information on income for those years
- ! *Available income information cannot be used to redetermine eligibility*



**IF NO ACTION TAKEN:** Auto-renewed **without** APTC/CSR

## Member of Enrollment Group has Medicare Coverage:

- If someone is enrolled in both Medicare and Marketplace coverage, insurers will terminate Marketplace coverage for all enrollees on December 31, 2017, and coverage will not be renewed for anyone enrolled in that Marketplace plan
- Any individual who shares a policy with a person enrolled in Medicare will not have coverage renewed for 2018 (even if they are still eligible for enrollment)
- ! *Individuals who are not enrolled in Medicare should return to the Marketplace and re-enroll in coverage*
- ! *If open enrollment has ended, a **special enrollment period is available until March 1, 2018** for eligible individuals to re-enroll in coverage (retroactive coverage that begins January 1 is available to avoid a gap in coverage)*

Should receive notices from:

- **Insurer:** Informing about the termination of coverage and the non-renewal for 2018
- **Marketplace:** Informing individuals that they might be eligible to re-enroll in coverage during open enrollment or during a special SEP ending March 1

**IF NO ACTION TAKEN:** Coverage will not be renewed for 2018

- Information used to redetermine 2018 APTC and CSR:
  - Updated federal poverty guidelines
  - 2018 benchmark plan premium information
  - Most recent income information available adjusted to 2018
    - 2017 projected income
    - 2016 tax data
    - Projected 2016 income (rare)

Household Size	Income Adjustment Factor	
	Rate of Growth from Coverage Year 2017 – 2018	Rate of Growth from Coverage Year 2016 – 2018
1	1.0152	1.0246
2	1.0137	1.0195
3	1.0129	1.0164
4	1.0123	1.0144

- Marketplace takes most recent income information and updates it to preserve same poverty line measure for applicable family size

## *For Example*

- Katie was enrolled in 2016, came back during last year's open enrollment period to update her income information and re-enroll in coverage
  - Will use 2017 projected income as most recent income to be adjusted

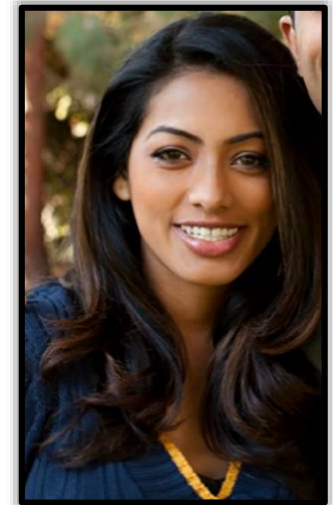
	2017 Projected Income	Adjustment Factor	2018 Adjusted Income
Household Income	\$17,000	x 1.0152	\$17,258
Corresponding FPL	143%		143%

- Sasha was enrolled in 2016 and auto-renewed for 2017
  - Will use 2016 tax data as most recent income to be adjusted

	2016 Tax Data	Adjustment Factor	2018 Adjusted Income
Household Income	\$32,000	x 1.0246	\$32,787
Corresponding FPL	272%		272%

## Katie's 2017 Eligibility:

- Household income: \$17,000 (143% FPL in 2017)
- APTC for 2017: **\$2,112 (\$176/month)**
- Based on benchmark plan costing \$2,735 and expected premium contribution of \$622 (3.66% of income)



## Redetermination of APTC for 2018:

- Household income is adjusted: \$17,258 (143% FPL in 2018)
- New benchmark plan for 2018: \$3,851
- Expected premium contribution for 2018: \$623 (3.61% of income)
- Auto-redetermined APTC for 2018: **\$3,228 (\$269/month)**

### REMINDER:



Premium Tax Credit



Cost of Benchmark Plan



Expected Premium Contribution

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# Auto-Enrollment for 2018 Plans

*(in Healthcare.gov)*

- If no action by December 15, 2017, a person will be auto-enrolled in a plan for 2018
  - Subsidies will be adjusted in accordance with the redetermination process for APTC and CSR
- Hierarchy to determine plan for auto-enrollment
  - **First option:** Same plan as previous coverage year
  - **Second option:** If same plan is not available, new plan with same insurer that is as similar as possible to current plan
  - **Third option:** If no plans available from same insurer, new plan with different insurer that is as similar as possible to current plan



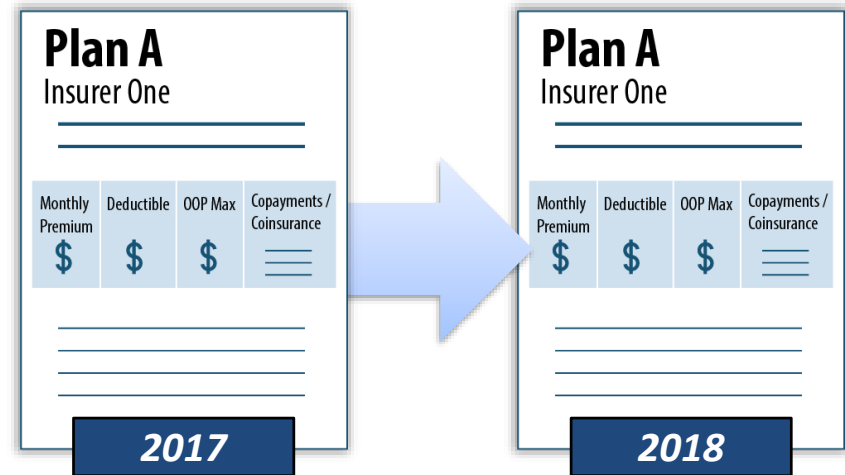
*A person can go back to the Marketplace **at any time during open enrollment and pick a different plan***

If current plan is still available:

- Will be auto-enrolled in **same plan as previous year**

**Note:**

- Premiums, benefits and cost sharing may change
- Notice will outline 2018 premium costs and changes to plan
- Premium amount will take into account monthly APTC amount a person currently receives (if any)
- Can return to Marketplace until December 15<sup>th</sup> to pick a different plan → If don't return by December 15<sup>th</sup>, will be auto-enrolled in same plan
- Have until December 31<sup>st</sup> to cancel coverage without incurring any premium cost for 2018 (but will not be able to pick a new plan after December 15<sup>th</sup>)



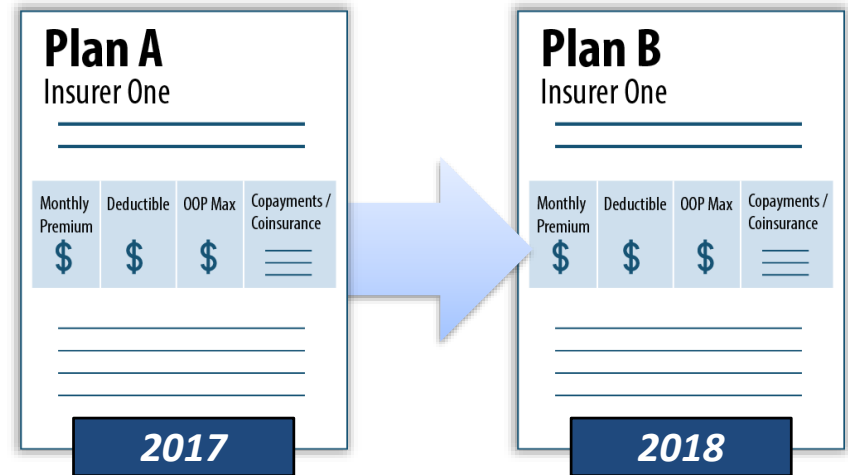


If current plan is not available:

- Will be auto-enrolled in **new plan with same insurer**

**Note:**

- Notice will outline premiums, benefits and cost sharing in new plan
- Premium amount will take into account monthly APTC amount a person currently receives (if any)
- Can return to Marketplace until December 15<sup>th</sup> to pick a different plan → If don't return by December 15<sup>th</sup>, will be auto-enrolled in new plan
- Have until December 31<sup>st</sup> to cancel coverage without incurring any premium cost for 2018
- Eligible for a special enrollment period due to discontinuation of previous year's plan

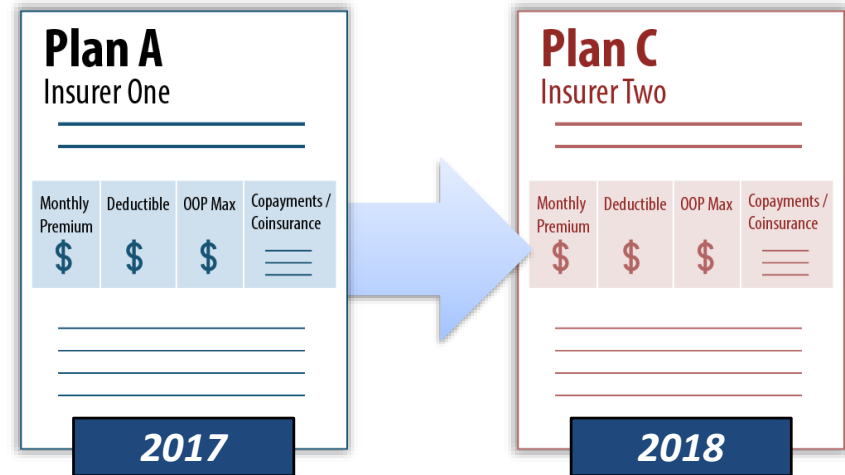


If current plan is not available and insurer no longer selling plans in the Marketplace:

- Will be matched with a **new plan with different insurer**

**Note:**

- Will receive a discontinuation notice from current insurer
- Marketplace will send a notice that the Marketplace matched person with different plan with different insurer (under no obligation to enroll in plan)
- Should receive notice from new insurer on new plan and details on paying first month's premium
- Must pay first month's premium to effectuate coverage (if no premium paid for January 1, enrollment will not go into effect) → Have until January 1<sup>st</sup> to pay first month's premium
- Eligible for a special enrollment period due to discontinuation of previous year's plan

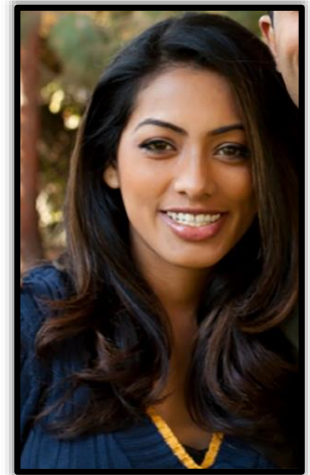


- If 2017 plan is discontinued, eligible for a special enrollment period (SEP) based on loss of other qualifying coverage
- Can switch plans up to 60 days BEFORE or 60 days AFTER the discontinuation date of 2017 plan (December 31, 2017)
  - This means people who are auto-enrolled in a new plan (with a new insurer or with the same insurer) can still change plans after January 1, 2018



## Katie's plan is no longer available in the Marketplace:

- She receives a notice from her insurer about discontinuation of her plan
- Receives a notice that Marketplace matched her with a new plan with a different insurer

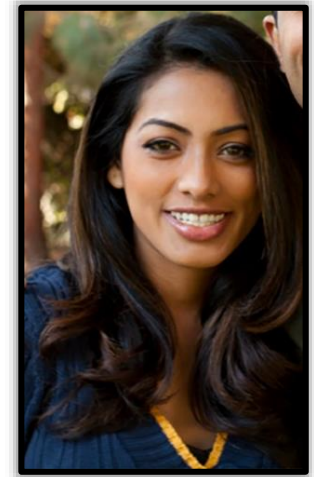


## Katie checks her Marketplace account on December 20:

- She has been auto-redetermined for APTC for 2018 (for \$269/month)
  - She expects to make more money in 2018 and updates her application (her APTC eligibility is updated to \$184/month)
- She has been matched with a new plan with a new insurer
  - BUT she must pay the first month's premium to effectuate coverage
  - When she updates her application, the matched plan is shown at the top of her options during plan selection → She likes the plan and pays the first month's premium: **Coverage begins January 1**

## But what if Katie wants to change plans?

- Because her plan was discontinued, she is eligible for an SEP
  - When she updates her application, she will note that she is losing coverage December 31, 2017



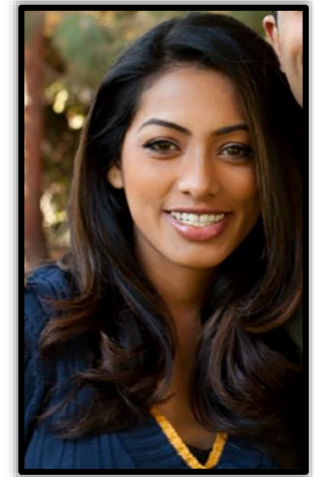
## Changing plans after open enrollment ends, but before the new coverage year:

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- When she updates her application to change her 2018 income projection, she is able to pick a different plan than the one she is matched with
  - Coverage begins January 1, 2018

## But what if Katie wants to change plans?

- Because her plan was discontinued, she is eligible for an SEP
  - When she updates her application, she will note that she is losing coverage December 31, 2017



## Changing plans after January 1st:

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- *If auto-enrolled in a plan:*
  - She will have 60 days after the end of her 2017 plan to use the SEP
  - Coverage will be effective the first day of the month following plan selection
- *If renewal plan never effectuated:*
  - Katie doesn't pay the first month's premium for the plan she's been matched with and she is not auto-enrolled in any plan
  - She can still use the SEP to enroll in coverage after January 1 but she may have a gap in coverage

- Emphasize the importance of updating information and shopping for plans!
  - 80% of people shopping in the Marketplace in 2018 will be able to find a plan for under \$75 a month after accounting for APTC
- Remind people they only have until December 15<sup>th</sup> (the end of open enrollment) to change plans
  - *Look out for:* People eligible for cost-sharing reductions who are auto-enrolled into a non-silver plan; *and*
  - People who may be eligible for a special enrollment period (including those whose 2017 plans were discontinued)
- Educate consumers who received APTC in past years about the need to file a tax return and reconcile their APTC (refer to tax professionals, if possible)
- Help people more accurately project 2018 income, especially if their circumstances fluctuate
  - Compare 2016 and 2017 projections with actual income to help facilitate more accurate income projections

- Premiums for silver plans are rising much more than those for bronze or gold plans because in many states insurers loaded the costs resulting from the termination of cost-sharing reduction payments entirely on the silver tier
- Premiums for people eligible for APTC will often be lower in 2018 than 2017
- Larger PTC will make bronze plans much cheaper, or even available at no cost
- In many areas, the unsubsidized lowest-cost gold plan has a lower or comparable premium to the lowest-cost silver plan

## Counties Where the Lowest-Cost Bronze Plan (LCB) Premium Costs Zero Dollars After Tax Credit in 2018

Example Age and Income

40-year-old with income of \$25,000

Counties Where the LCB Premium is Fully Covered by APTC in 2018

- LCB premium fully covered by tax credit (new in 2018)
- LCB premium fully covered by tax credit in both 2017 and 2018
- LCB premium is higher than amount of tax credit in 2018

