

WISCONSIN AIDS/HIV PROGRAM NOTES

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2015 Marketplace Open Enrollment and Affordable Care Act Tax Provisions: Implications for Individuals with and without Health Insurance

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The 2015 open enrollment period for Marketplace coverage begins on November 15, 2014, and ends on February 15, 2015. As this new open enrollment period approaches, it will be important to focus on both enrolling individuals living with HIV/AIDS who did not obtain coverage during the first open enrollment period and ensuring that those with health insurance maintain their coverage in 2015. Individuals with and without health insurance also need to be aware of how new Affordable Care Act(ACA)-related tax provisions may affect them. This paper outlines key considerations related to enrollment and tax provisions for individuals who currently have Marketplace coverage, as well as individuals who are currently uninsured.

Implications for Individuals Currently Enrolled in Marketplace Coverage

During the ACA's initial open enrollment period and subsequent special enrollment periods through April 19, 2014, 139,815 individuals in Wisconsin enrolled in health insurance through the federal Health Insurance Marketplace.¹ Included in this number are individuals living with HIV/AIDS, many of whom gained access to health insurance for the first time. A comparison of insurance status for clients enrolled in Wisconsin's AIDS Drug Assistance Program (ADAP) before and after ACA implementation shows that, prior to ACA implementation in August 2013, 55% of ADAP clients were uninsured, compared to only 18% after ACA implementation one year later.

Individuals with Marketplace coverage need be aware of how to maintain coverage in 2015, whether continuing with the same plan or enrolling in different coverage, as well as how to reconcile advance payments of premium tax credits received in 2014.

Auto-Enrollment Process for 2015

In early September 2014, the Centers for Medicare and Medicaid Services (CMS) finalized a policy allowing individuals with Marketplace coverage to keep their coverage in 2015 without having to take any action at the end of the year. In general, if current Marketplace policyholders do nothing during the open enrollment period, they will be automatically enrolled in the same plan for 2015 with the same amount of premium tax credit that they received in 2014. However, some individuals may be enrolled automatically in the same plan *without* any premium tax credits for 2015, including those that did not provide the Marketplace consent to check their IRS tax data and individuals who had 2013 taxable income above 500% of the federal poverty level (FPL).² These individuals will need to return to the Marketplace to redetermine their eligibility for financial assistance before receiving any premium tax credits in 2015.

¹ Department of Health and Human Services, APSE Issue Brief. Health Insurance Marketplace Summary Enrollment Report for the Initial Annual Open Enrollment Period. May 2014. Available from: http://aspe.hhs.gov/health/reports/2014/marketplaceenrollment/apr2014/ib_2014apr_enrollment.pdf

² Health Affairs. Implementing Health Reform: Renewing Coverage for 2015. October 2014. Available from: <http://healthaffairs.org/blog/2014/10/16/implementing-health-reform-renewing-coverage-for-2015/>

November 2014

Individuals with Marketplace coverage will receive notices from the federal Health Insurance Marketplace before open enrollment begins, explaining the auto-enrollment process as well as steps to take to enroll in a different plan and redetermine eligibility for premium tax credits for 2015. Individuals will also receive notices directly from their health insurance companies regarding the 2015 premium amount for their current plan and the amount of their existing premium tax credit so they can calculate out-of-pocket premium costs for the coming year.³

The auto-enrollment process will serve as an important safety net by allowing those who do not take action during the next open enrollment period to retain their coverage in 2015. However, in some cases it may not be to an individual's benefit to be automatically re-enrolled in the same plan with the same level of premium tax credit they received in 2014. The amount of premium tax credit that a person qualifies for is calculated by subtracting that person's expected premium contribution (determined by their income) from the premium cost of the Benchmark Plan (the second-lowest-cost silver plan available in their area). Changes in a person's income and/or changes in the cost of the Benchmark Plan will affect the amount of premium tax credit a person is eligible to receive. If a current Marketplace policyholder does not take action during open enrollment and continues to receive the same amount of premium tax credit they received in 2014 despite changes in their income or the cost of the Benchmark Plan, it will result in an under or over-payment of premium tax credits in 2015.⁴ To ensure they are receiving the appropriate level of financial assistance, current Marketplace consumers are encouraged to return to the Marketplace during the 2015 open enrollment period to compare their options for coverage and redetermine their eligibility for financial assistance. If current Marketplace consumers do choose a new plan, they must enroll in the plan by December 15, 2014, in order for coverage to begin on January 1, 2015.

Reconciliation of Advance Premium Tax Credits

Premium tax credits reduce an individual's out-of-pocket premium costs. Individuals with household incomes between 100% and 400% of the Federal Poverty Level (FPL) who meet the following criteria are eligible to receive premium tax credits through the Health Insurance Marketplace:

- United States citizen or lawfully present.
- Not incarcerated.
- Enrolled in a Marketplace plan.
- Ineligible for affordable employer-sponsored insurance or other health coverage through a government program (Medicaid, Medicare).⁵

Individuals can receive premium tax credits in two ways: (1) as advance payments based on *projected* annual income, or (2) at tax time based on *actual* annual income. The Wisconsin AIDS

³ Centers for Medicare and Medicaid Services. Fact Sheet: CMS Finalizes Auto-Enrollment Process for current Marketplace Consumers. September 2014. Available from: <http://cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2014-Fact-sheets-items/2014-09-02.html>

⁴ The Washington Post. Obamacare makes actually shopping for health insurance really important. June 2014. Available from: <http://www.washingtonpost.com/blogs/wonkblog/wp/2014/06/26/obamacare-makes-actually-shopping-for-health-insurance-really-important/>

⁵ National Alliance of State and Territorial AIDS Directors. Health Reform Brief: Premium tax credits and cost-sharing subsidies. June 2013. Available from: <http://www.nastad.org/docs/HCA-Affordability-Brief-FINAL-February-2013.pdf>

November 2014

Drug Assistance Program (ADAP) uses federal dollars to cover the cost of health insurance premiums for individuals with household incomes below 300% of the FPL who are enrolled in silver plans purchased through the Marketplace. In addition to enrolling in a silver plan, individuals are required to take premium tax credits as advance payments in order to be eligible for assistance through ADAP. ADAP then pays the portion of the premium left after the advance premium tax credit has been applied. Anyone who chose to receive premium tax credits as advance payments in 2014, including individuals on ADAP, must file a tax return in order to reconcile the amount of advance payments they received during the year.

On their 2014 tax return, individuals will calculate the amount of premium tax credit they should have received based on their *actual* 2014 income. If the amount of tax credit based on their actual income is more than the sum of the advance payments they received, the difference will be added to the individual's tax refund or subtracted from the amount of tax they owe. Likewise, if the actual premium tax credit is lower than the sum of the advance payments received, the individual's tax refund will be reduced or the amount will be added to the balance due. To reconcile advance payments or claim the tax credit at the end of the year, individuals who are married must file their tax returns jointly, except in certain cases of domestic abuse or spousal abandonment. Individuals also cannot be claimed as a dependent by another person.⁶ Individuals who received advance payments and do not file a tax return for the year in which payments were received will not be eligible for premium tax credits in subsequent years and may be responsible for paying the entire cost of their health insurance premium.

In order to minimize large discrepancies between the sum of advance payments received and the actual amount of the premium tax credit, individuals must report changes in income and family size to the Marketplace as they happen throughout the year. Instructions for reporting changes to the Marketplace are available on the web at <https://www.healthcare.gov/income-and-household-information/>.

Implications for Individuals without Health Insurance

As of October 2014, 193 individuals enrolled in Wisconsin ADAP do not have health insurance. It is estimated that about 20% of these individuals are not eligible for health insurance and will remain uninsured. The remaining 80% appear eligible for either Medicaid or Marketplace coverage and will be the focus of targeted outreach efforts to facilitate enrollment during the 2015 open enrollment period.

Persons providing enrollment assistance can draw on lessons learned from the initial open enrollment period and ensure that individuals without insurance are aware of the upcoming opportunity to enroll and potential consequences of not having health insurance.

Applying Lessons Learned

In an effort to better understand ADAP clients' reasons for not enrolling in coverage during the initial open enrollment period, Wisconsin AIDS/HIV Program staff surveyed HIV case managers to identify what they perceived as their clients' main barriers to enrollment. Aside from technical difficulties with www.healthcare.gov, case managers cited clients' lack of knowledge about the

⁶ Internal Revenue Service. The premium tax credit. 2014. Available from: <http://www.irs.gov/uac/The-Premium-Tax-Credit>

November 2014

enrollment process, not taking action during the open enrollment period, and concerns about the cost of insurance as the main reasons for not enrolling in coverage.

These findings are consistent with results of Enroll America's national survey of 853 individuals who remained uninsured after the initial open enrollment period.⁷ The survey found that 61% of individuals who did not enroll actually wanted coverage. Of those individuals, 18% stated they "meant to sign up but things got in the way" and 43% stated they "wanted to sign up but couldn't find anything." Only 15% said they did not enroll because they did not want health insurance.

The Enroll America survey found perceptions regarding affordability of health insurance also kept many individuals from enrolling in coverage. Of the 853 individuals surveyed, 63% stated they did not even look for insurance during the open enrollment period. Of those individuals, 48% stated their reason for not looking was the belief they could not afford insurance. Twenty-one percent were unaware that financial assistance was available.

Based on local and national findings, it will be important for enrollment assisters to continue to develop strategies to educate difficult-to-reach populations on the benefits of having health insurance and informing them of the availability of financial assistance. For individuals living with HIV/AIDS, financial assistance is not only available in the form of federal premium tax credits and cost-sharing subsidies, but also through Wisconsin ADAP, which uses federal dollars to cover out-of-pocket medication and premium costs for eligible individuals enrolled in Marketplace silver plans. Providing individuals with several reminders and ongoing encouragement to enroll in coverage, as well as opportunities for in-person assistance, will also be critical in facilitating enrollment for individuals who remained uninsured after the initial open enrollment period.

2015 Open Enrollment Period

Individuals who are lawfully present in the United States are eligible to purchase health insurance through the federal Health Insurance Marketplace. It is important to note that the 2015 open enrollment period is three months shorter than the initial open enrollment period last year, which ran from October 1, 2013, to March 31, 2014. The 2015 open enrollment period for Marketplace coverage begins on November 15, 2014, and ends on February 15, 2015. In order for coverage to begin on January 1, 2015, individuals must enroll in a plan by December 15, 2014. Individuals with household incomes under 300% of the FPL who enroll in a silver plan through the Marketplace and choose to take premium tax credits as advance payments are eligible to have Wisconsin ADAP cover the cost of their insurance premium after the federal premium tax credit has been applied.

In Wisconsin, lawfully present adults with household incomes under 100% FPL are eligible for Medicaid. Unlike Marketplace enrollment, which is limited to open enrollment and special enrollment periods, Medicaid enrollment is ongoing. Individuals can apply for Medicaid using the Wisconsin ACCESS website at <https://access.wisconsin.gov/>.

⁷ Enroll America. Why did some people enroll and not others? May 2014. Available from: <http://www.enrollamerica.org/resources/public-education/why-did-some-people-enroll-and-not-others/>

November 2014

Exemptions from the Individual Shared Responsibility Payment

The ACA's individual mandate requires most Americans to have minimal essential health coverage or pay a tax penalty known as the individual shared responsibility payment. However, some individuals may qualify for an exemption from the individual shared responsibility payment based on certain circumstances. Individuals who experienced a hardship that prevented them from enrolling in health care coverage may qualify for an exemption. The federal Health Insurance Marketplace recognizes 14 different categories of hardship that may result in an exemption, including being homeless, filing bankruptcy in the last 6 months, and incurring medical expenses in the last 24 months that resulted in substantial debt. A complete list of hardship categories is available on the Marketplace website at <https://www.healthcare.gov/fees-exemptions/hardship-exemptions/>.

In order to qualify for a hardship exemption, individuals must first complete a hardship exemption application through the Federal Health Insurance Marketplace by mail, phone or online at www.healthcare.gov. Based on the specific category of hardship for which they are applying, individuals will have to include appropriate documentation with their application. For example, if an individual is requesting a hardship exemption based on filing bankruptcy, he or she will need to include a copy of the bankruptcy filing. A complete list of the documentation required for each of the hardship categories is available on the web at <http://marketplace.cms.gov/applications-and-forms/hardship-exemption.pdf>.

Once the application and documentation has been submitted, the Marketplace will review the request. If the exemption is approved, the individual will receive an Exemption Certificate Number from the Marketplace. The individual will need to include the Exemption Certificate Number in the designated area on his or her tax return in order to not be charged with the shared responsibility payment. Individuals seeking hardship exemptions are encouraged to submit applications to the Marketplace as soon as possible to receive their Exemption Certificate Number before tax season. Those who wait to file exemptions until later in the year may not receive their Exemption Certificate Number by the tax filing deadline, which may result in delaying the tax refund and/or incurring the tax penalty.

There are several types of exemptions other than hardship. Individuals with incomes below the tax filing threshold are automatically exempt from the individual shared responsibility payment and are not required to file a tax return. Other types of exemptions are outlined on the Marketplace website at <https://www.healthcare.gov/fees-exemptions/exemptions-from-the-fee/>.

Individuals who are uninsured and do not qualify for one of the exemptions listed on the Marketplace will be subject to the individual shared responsibility payment. In 2014, the payment is 1% of household income or \$95, whichever is greater. In 2015, this increases to 2% of income or \$325, whichever is greater; and in 2016, to 2.5% of income or \$695, whichever is greater.⁸

⁸ Kasier Family Foundation. The requirement to buy coverage under the Affordable Care Act. Available from: <http://kff.org/infographic/the-requirement-to-buy-coverage-under-the-affordable-care-act/>

November 2014

Conclusion

The Affordable Care Act's initial Marketplace open enrollment period provided many people living with HIV/AIDS access to health insurance for the first time. In Wisconsin, this is evidenced by the significant decrease in the number of uninsured clients enrolled in ADAP one year after ACA implementation. Much of the success in enrolling individuals living with HIV/AIDS in insurance can be attributed to the efforts of case managers and linkage-to-care specialists throughout the state. These individuals will continue to play a critical role during the 2015 open enrollment period and beyond. Individuals living with HIV/AIDS, regardless of insurance status, are encouraged to continue working with their case managers and linkage-to-care specialists to best understand their options for coverage and how ACA-related tax provisions may affect them. Those without case managers are encouraged to contact Wisconsin ADAP at 800-991-5532 for assistance.



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