Date: June 12, 2015

Subject: Distribution of Information Regarding Advance Payments of the Premium Tax Credit (APTC) and Cost-Sharing Reductions (CSR) in Federal Standard Notices for Coverage Offered through the Federally-facilitated Marketplaces

Under 45 CFR 156.1255, an insurance issuer in the individual market that is re-enrolling an enrollment group's coverage in a QHP offered through a Marketplace (including a renewal with modifications), or that is discontinuing a product that includes plans offered through a Marketplace and, consistent with State law, is automatically enrolling an enrollee in a QHP under a different product offered by the same QHP issuer through the Marketplace, must include information in the notice about the premium tax credit portion of the advance payments (APTC) for the upcoming coverage year so that all policyholders are notified of their expected monthly premium payment should they not update their application information and not make a plan selection by the last date for plan selection for the coverage effective January 1 of the upcoming benefit year.

In accordance with 45 CFR 155.335(a)(2)(ii), on April 22, 2015, CMS published guidance on Annual Eligibility Redetermination and Re-enrollments for Marketplace Coverage for 2016[1] (2016 Redetermination Guidance), which establishes a set of alternative procedures specified by the Secretary for conducting annual redeterminations for eligibility for enrollment in a QHP through the Marketplace and for insurance affordability programs for benefit year 2016 that will be used by the Federally-facilitated Marketplaces (FFMs).

For benefit year 2015, the CMS guidance specified that the FFMs use a simplified method for establishing APTC for individuals who were automatically re-enrolled. This simplified method generally involved continuing the exact dollar amount of APTC that had been provided in 2014, which meant that issuers could obtain the APTC amount that would be applied to an automatic re-enrollment (and was thus needed for the issuer notice) through their own enrollment records. Under the 2016 Redetermination Guidance, the FFMs will redetermine eligibility for APTC and the income-based cost-sharing reduction portion of the advanced payments (CSR) using projected annual household income from the most recent income data sources available and family size from the most recent application together with 2016 benchmark plan prices and updated federal poverty level tables. As such, issuers offering plans through the FFMs will not have this information until the FFMs provide it through the preliminary re-enrollment transactions as part of the automatic re-enrollment process.

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[1] Guidance on Annual Eligibility Redeterminations and Re-enrollments for Marketplace Coverage for 2016 (April 22, 2015), available at http://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/annual-redeterminations-for-coverage-42215.pdf.

The 2016 Redetermination Guidance stated that issuers offering plans through the FFMs may not receive the updated 2016 APTC/income-based CSR eligibility determination in time to add the updated APTC and CSR information to the notices required under 45 CFR 147.106 and 156.1255. Consistent with the instructions to issuers in the September 2, 2014, bulletin,[2] if the issuer has not received the updated APTC amount from the Marketplace for applicable enrollees at the time it sends the applicable renewal or discontinuation notice, the issuer may use the current APTC amount as an estimated 2016 value, provided that the amount is clearly indicated as an estimate only, and that policyholders are informed in the notice that the actual APTC amount and corresponding enrollee premium responsibility for January 2016 will be displayed on (1) the regularly scheduled bill for January 2016 coverage; and/or (2) a supplemental notice. If the issuer receives the updated APTC amount from the Marketplace for applicable enrollees with sufficient time to incorporate that information in the applicable renewal or discontinuance notice, the issuer may modify the Federal standard notices (field number 12 in Attachment 2 and field number 19 in Attachment 4 of the September 2, 2014 bulletin) accordingly.[3]

Pursuant to 45 CFR 147.200, issuers are required to provide enrollees a summary of benefits and coverage (SBC) in several instances, including, if renewal is automatic, no later than 30 days prior to the first day of the new plan or policy year. Pursuant to 45 CFR 156.420(h) and 156.425(c), issuers are required to provide an SBC for each cost-sharing reduction plan variation of the standard QHP and to provide adequate notice to enrollees of changes in CSR eligibility. Since issuers should receive updated eligibility information—including eligibility for CSRs—for enrollment groups that are being automatically re-enrolled in advance of the notice deadline, issuers should not provide an SBC until they receive information about the appropriate CSR variations, if applicable, from the Marketplace. For the purpose of describing plan changes, the issuer may use the current CSR eligibility if it has not received the updated CSR eligibility from CMS.

Where to get more information:
If you have questions about this guidance, please e-mail CCIIO at marketreform@cms.hhs.gov.

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[2] The instructions for completing the Federal standard notices indicate that "When necessary, a short statement may be included indicating that the premium rate is an estimate and indicating where consumers will find the actual premium for the coverage." See Form and Manner of Notices When Discontinuing or Renewing a Product in the Group or Individual Market" (September 2, 2014), available at http://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/Renewal-Notices-9-3-14-FINAL.PDF.
[3] The Federal standard notices of product discontinuation and renewal are available at http://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/Renewal-Notices-9-3-14-FINAL.PDF.