

EXPERT UPDATE



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Verifying Exchange Applicant Eligibility for Premium Assistance & Cost-sharing Reductions

CMS has issued guidance on how the Health Insurance Marketplaces will verify applicant income. This guidance, released August 5, 2013, in the form of FAQs, helps to clarify the eligibility process for advance payments of the premium tax credit and cost-sharing reductions, also referred to as the “affordability program”.

A multi-step process begins with the Exchange applicant reporting projected annual household income. The Exchange will then use tax filing information and Social Security data to verify the household income provided and if income cannot be verified using IRS and Social Security Administration (SSA) data, then income information will be compared against wage information provided by Equifax. If Equifax data does not substantiate the reported income, the Exchange is expected to request additional documentation. For a period of 90 days while the Exchange is attempting to verify income, applicants will generally be eligible for the affordability program. When requested documentation is not provided, eligibility for the affordability program will be based on the IRS and SSA data, however, if IRS data is unavailable, the Exchange will discontinue providing premium assistance and cost-sharing reductions under the affordability program.

The new FAQ refers to earlier guidance indicating that HHS will exercise enforcement discretion for 2014, clearing the way for Exchanges to request additional documentation from a statistically significant sample of applicants, however, only when specific conditions are met:

- 1) the Exchange possesses IRS data;
- 2) the individual applying for Exchange coverage reports income that is more than 10% below IRS and SSA data;
- 3) Equifax data is unavailable; and
- 4) the applicant does not provide a reasonable explanation for the inconsistency between attestation and the data.

In all other situations, where the income information provided cannot be verified using data from the IRS, SSA or Equifax, and the applicant does not provide a reasonable explanation for the discrepancy, the Exchange must request additional documentation.

(continued)

According to the FAQ, federally facilitated Exchanges will set the size of the sample at 100% so that all applicants reporting information that cannot be verified will be asked for documentation. It is expected that state-based Exchanges will set their own sample size.

This particular FAQ does not address Exchange verification of employer-sponsored coverage, which involves verification through electronic sources or a manual process for a statistically significant sample of applicants. Verification of employer-sponsored coverage will require contact with the applicant's employer.

Resource: <http://www.cms.gov/CCIIO/Resources/Fact-Sheets-and-FAQs/Downloads/income-verification-8-5-2013.pdf>



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