



Annual Income Threshold Adjustment FAQ

As part of our ongoing effort to improve the consumer experience in the Marketplace, CMS is implementing a change that will allow more consumers to get their household income immediately verified by the Marketplace when they submit an application. The change will reduce the number of consumers who have to follow-up and submit documentation to verify their household income while maintaining important program integrity controls. These FAQs provide details about this change in the Federally-facilitated Marketplaces (FFM), as well as guidance on what this means for State-based Marketplaces.

What is an annual household income data matching issue?

When consumers fill out a Marketplace application requesting financial assistance, we check their eligibility for insurance affordability programs using trusted data sources. For most consumers, we are able to verify their household income information right away; however, sometimes consumers' household income information is not available from the trusted data sources, or their attested income is outside a set threshold when compared to these sources. In such instances, the Marketplace generates a "data matching issue" that requires consumers to submit additional information through an alternate verification process. Consumers who do not provide income documents sufficient to resolve their data matching issue can have their financial assistance ended or modified.

How is the annual income threshold changing?

Annual household income data matching issues are currently created whenever an applicant's annual household income attestation is more than 10% less than the income data received from trusted data sources shows, or if no household income data is available from those sources. The HHS Notice of Benefit and Payment Parameters for 2017 granted authority to Marketplaces, subject to HHS approval, to set a reasonable threshold for the generation of annual household income data matching issues that would require additional verification. The regulation (45 C.F.R. §155.320(c)(3)(vi)) stated that the threshold could not be less than 10% and that it could include a dollar threshold. HHS has determined that it is a reasonable threshold to generate an annual income data matching issue for a consumer if their attested income is more than 25% or \$6,000 (whichever is greater) lower than data from our trusted data sources; we maintain the policy that a data matching issue is generated if no data is available from our trusted data sources. This threshold change, which we expect will simplify the process while maintaining program integrity, will be in place in the FFM prior to the start of open enrollment for plan year 2017.

What does this mean for State-based Marketplaces?

HHS has determined that it is a reasonable threshold to generate an annual income data matching issue for a consumer if their attested income is at least 25% or \$6,000 lower than the data received from trusted data sources. Further, HHS has determined that it would be a reasonable threshold if State-based Marketplaces (SBMs) implemented a revised threshold that does not exceed the percentage and dollar thresholds of 25% and \$6,000, but is not less than 10%.

SBMs that would like to propose a threshold that goes beyond this guidance may submit a proposal to HHS for review and approval. The proposal should include the proposed threshold, an implementation timeline, and relevant research used to support the threshold. It should also include an explanation of why the proposed threshold better allows for normal variations in income while still protecting consumers against the possibility of large tax reconciliation payments in the event that IRS determines they were provided excess advance payments of the premium tax credit. Proposals should be submitted to the SBM's CCIIO State Officer. While the FFM will be implementing this change for plan year 2017, States can implement or apply for a new threshold at any point during the plan year.