COVERED
CALIFORNIA

COVERED CALIFORNIA POLICY AND ACTION ITEMS

September 19, 2019 Board Meeting

QUALIFIED HEALTH PLAN CONTRACT EXTENSION

James DeBenedetti, Director of Plan Management Division

QUALIFIED HEALTH PLAN (QHP) CONTRACTS

- Covered California is currently in year three of a four-year contract period (2017-2020). The contract term was extended from three to four years last November.
- Covered California is proposing to extend the current contract period through 2021 to provide additional time to
  - Review industry best practices and identify promising areas for purchaser alignment
  - Complete a comprehensive review of existing requirements and experience to date
  - Ensure sufficient stakeholder engagement in the development of new contract requirements
  - Increase alignment with other purchasers
- This additional time would improve the development of contract requirements for the next cycle (2022-2024) and result in a draft contract being presented to the board in November 2020 for discussion and public comment, with final approval in January 2021

REASONS FOR PROPOSED EXTENSION

- Following the contract extension approval last November, California established an individual mandate for health insurance coverage and additional premium subsidy support from the State
- Numerous other State initiatives have been introduced this year as well (collaborative pharmacy purchasing efforts, potential auto-enrollment from Medi-Cal to Covered California, changes to open enrollment deadlines, etc.)
- These initiatives require significant staff resources within Covered California, its contracting health plans, and other stakeholders, to provide technical assistance and develop implementation plans for these new initiatives
  - This delayed the production of materials for stakeholder engagement efforts, which has significantly reduced the time available for stakeholders to provide feedback and recommend improvements before a draft of the 2021-23 contract is presented to the board for review

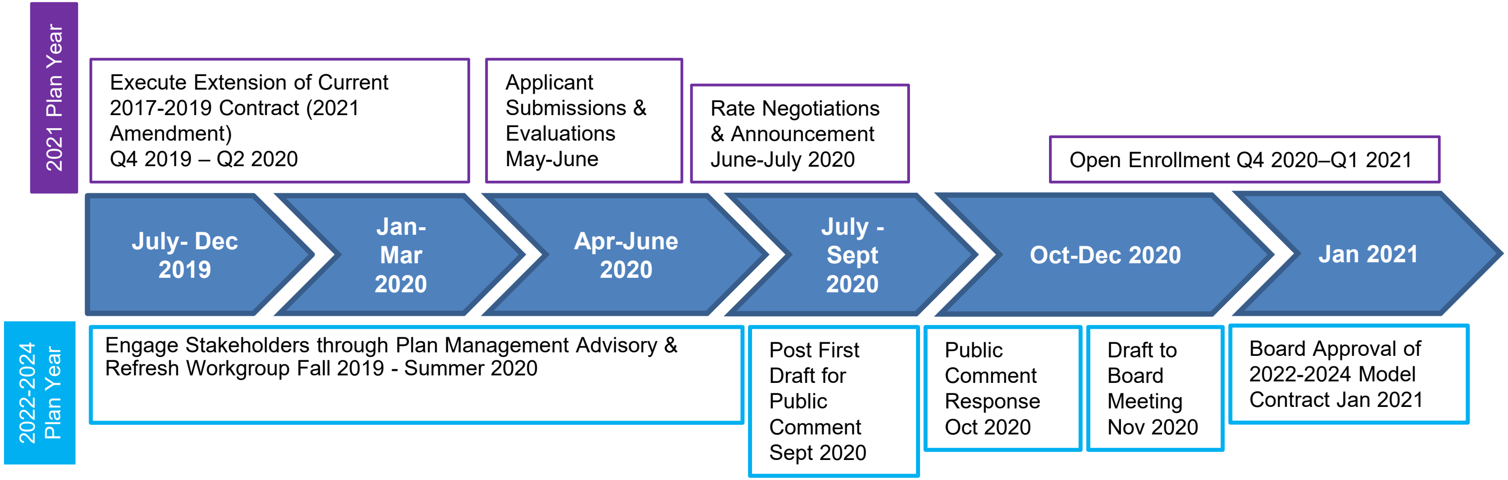
CURRENT STATUS OF CONTRACT REFRESH

- Work related to what are expected to be the most significant revisions, concerning quality improvement and delivery system reform, requires more time than could be done by November 2019:
  - The review of industry best practices and identification of promising areas for purchaser alignment was completed and published in July
  - The comprehensive review of experience to date was delayed to publication in September to add the most recent year of data (2018)
  - Stakeholder engagement has continued during this time, but fully informed discussions require their understanding of findings contained in the above publications
  - Meetings to promote alignment between large purchasers (DHCS, CalPERS, PBGH, etc.) have begun, but are still in their initial stages
- Review of potential changes to other elements of the contract have only recently begun because they are expected to be much less significant, so have been a lower priority

CONTRACT EXTENSION PROPOSAL

- Additional time is needed to ensure
  - Active, informed stakeholder engagement in the development of new QHP contract requirements
  - Alignment between Covered California and other larger purchasers on quality metrics and other contract requirements
- As was done for 2020, the 2021 plan year will be open to all licensed health and dental issuers
  - New entrants will be eligible for a one year contract term only – Plan Year 2021
  - Covered California will continue encouraging Medi-Cal Managed Care Plans to apply as new entrants
  - Covered California will continue encouraging existing issuers to expand to areas with less coverage
- The Certification process in 2021 will apply to a new contract period: 2022-2024

2022-24 CONTRACT DEVELOPMENT WILL OVERLAP WITH THE 2021 CERTIFICATION CYCLE



COVERED CALIFORNIA REGULATIONS

PROPOSED EMERGENCY REGULATIONS FOR HARDSHIP AND RELIGIOUS CONSCIENCE EXEMPTION

Bahara Hosseini, Office of Legal Affairs

BACKGROUND

- The Legislature passed budget and trailer bills that established a California individual mandate and penalty starting in 2020, requiring California residents to enroll in and maintain minimum essential coverage, receive an exemption, or pay a penalty.

- Covered California will grant exemptions year-round for hardship and religious conscience.
  - Hardship includes financial hardship and other life circumstances that would prevent an individual from obtaining coverage.

  - Hardship exemptions can be granted throughout the year and entitle a consumer to purchase a catastrophic plan if desired.

- Covered California was granted emergency rulemaking authority by the Legislature through January 1, 2022 for hardship and religious conscience exemptions.

OVERVIEW OF PROPOSED REGULATION

- Outlining the definitions and general requirements for religious conscience and hardship exemptions through the Exchange (Section 6910)
- Outlining the applications for religious conscience and hardship exemptions through the Exchange (Section 6912)
- Establishing eligibility standards for religious conscience and hardship exemptions through the Exchange (Section 6914)
- Specifying eligibility process for religious conscience and hardship exemptions, including the notice requirements (Section 6916)
- Specifying the verification process for religious conscience and hardship exemptions (Section 6918)
- Specifying the eligibility redetermination process for religious conscience and hardship exemptions during a calendar year (Section 6920)
- Specifying right to appeal the eligibility determination and redetermination for the religious conscience and hardship exemptions (Section 6922)

NEXT STEPS

- The Board discussed the regulation package during the Board meeting on August 15, 2019.
- The Office of Legal Affairs now requests the Board to formally adopt the regulation package so it can be filed with the Office of Administrative Law.

CHANGES TO ELIGIBILITY AND ENROLLMENT REGULATIONS FOR INDIVIDUAL MARKET

Bahara Hosseini, Office of Legal Affairs

BACKGROUND

- Covered California was granted emergency rulemaking authority by the Legislature through January 1, 2022.

- These regulations are the result of ongoing collaboration and consultation with the CDSS, DHCS, DMHC, CDI, FTB, consumer advocates, QHP issuers, and other stakeholders.

OVERVIEW OF THE MAIN PROPOSED CHANGES

- Added authority for the CECs, CACs, MMCPEs, PBEs, and CIAs to submit an application on behalf of an applicant or application filer after obtaining their consent.
- Added back the Exchange's "direct notification" requirement before eligibility for APTC could be denied due to the tax filer's failure to comply with the tax filing requirements, per federal rules.
- Revised our passive renewal hierarchy to allow for auto-enrollment from a HDHP to a non-HDHP offered by the same issuer at the same metal tier.

OVERVIEW OF THE MAIN PROPOSED CHANGES CONT.

- Added state of emergency due to fire, flood, or other natural or human-caused disaster SEP under the exceptional circumstances QLE.
- Added a new SEP QLE and coverage effective date for individuals who newly gain access to an individual coverage health reimbursement arrangement (HRA) or is newly provided a qualified small employer HRA (QSEHRA) in accordance with the new federal final rule effective 8/19/19.
- Added back the coverage effective date of 1st of the month following birth/adoption/foster care placement as an additional option for the qualified individuals and enrollees.

OVERVIEW OF THE MAIN PROPOSED CHANGES CONT.

- Revised the regulations regarding the issuers' responsibilities in cases of retroactive terminations for clarity purposes.
- Revised the appeal regulations to add the appeal right for the eligibility determination and redetermination for the State subsidies, including the amount of the State advance premium assistance subsidy.
- Revised the appeal regulations to add the appeal right for the eligibility determination and redetermination for religious conscience and hardship exemptions.

NEXT STEPS

- The Board discussed the regulation package during the Board meeting on August 15, 2019.
- The Office of Legal Affairs now requests the Board to formally adopt the regulation package so it can be filed with the Office of Administrative Law.

POTENTIAL DISCLOSURE REQUIREMENTS FOR CERTIFIED AGENTS WHO SELL NON-REGULATED HEALTH PRODUCTS

Terri Convey, Director of Outreach & Sales

CONSUMER PROTECTION POLICY RESEARCH REGARDING NON-REGULATED HEALTH PRODUCTS

- In March 2019, Covered California addressed the Board about a potential requirement for certified insurance agents to obtain a disclosure statement from consumers who enroll in non-regulated health products
- We said we would conduct further research and return to the Board with a potential policy recommendation
- Covered California is recommending board adoption of a policy requiring certified agents selling non-regulated products to provide information to consumers and maintain signed copies of such disclosure forms

BACKGROUND: WHY WE NEED A CONSUMER PROTECTION POLICY

- There are many health care products being marketed today to consumers that may not be compliant with the Affordable Care Act and its consumer protection provisions.
- Some of these products are unregulated, non-insurance products and pose significant risk to consumers.
- Consumers have been targeted by extensive marketing and media campaigns in the last year, and an unknown number of Californians have enrolled in Health Care Sharing Ministry plans which are not insurance products, do not provide the comprehensive coverage and consumer protections of the Affordable Care Act, and are not regulated.

CERTIFIED AGENT SALES OF NON-REGULATED PRODUCTS

- Based on stakeholder feedback, surveys and other research we believe only a small number of certified agents sell these non-regulated health products (less than 12%)
- The most cited reason for selling Ministry Sharing products is because consumers cannot afford Affordable Care Act plans
- Some consumers use these products in lieu of short term duration plans

DISCLOSURE FORMS: CENTERS FOR MEDICARE AND MEDICAID SERVICES “SCOPE OF APPOINTMENT” FORM

- The Federal Centers for Medicare & Medicaid Services (CMS) requires a “Scope of Appointment” (SOA) form to be completed by the consumer delegating an agent
- Restricts the scope of the agent’s discussion with the consumer to consumer-selected topics
- Must be stored by both the agent and their appointed carriers for audit by CMS

To be completed by Beneficiary or Authorized Representative:

Please INITIAL below beside the product type(s) you want the agent to discuss (required):
(refer to last page for product type descriptions)

__________ **Medicare Advantage Plans (Part C) and Cost Plans**
(initial here)

__________ **Stand-alone Medicare Prescription Drug Plans (Part D)**
(initial here)

__________ **Medicare Supplement (Medigap) Products**
(initial here)

Signature (required):	Signature Date (required): (__ __ /__ __ /__ __ __ __) (M M / D D / Y Y Y Y)

If you are the Authorized Representative, please sign above and print below

Representative’s Name:	Relationship to Beneficiary:

SAMPLE SUPPLEMENTAL PRODUCT DISCLOSURE

- All SureBridge supplemental product brochures include the following full-page disclosure to inform consumers

Notice to Our Customers About Supplemental Insurance

- The supplemental plan discussed in this document is separate from any health insurance coverage you may have purchased with another insurance company.
- This plan provides optional coverage for an additional premium. It is intended to supplement your health insurance and provide additional protection.
- This plan is not required in order to purchase health insurance with another insurance company.
- This plan should not be used as a substitute for comprehensive health insurance coverage. It is not considered Minimum Essential Coverage under the Affordable Care Act.

PROPOSED DISCLOSURE FORM FOR NON-REGULATED HEALTH PRODUCTS

- The proposed Consumer Acknowledgement and Full Disclosure Form includes side-by-side comparison of important protections provided by Covered California plans

Covered CA Marketplace Plans	Health Care Sharing Ministry Plans
Comprehensive coverage and benefits in full compliance with the Affordable Care Act, including prescription drug coverage	Do not provide comprehensive coverage and benefits as required by the Affordable Care Act. Typically, pharmacy discount cards are provided in lieu of full prescription drug coverage
Unlimited lifetime coverage	Most Sharing Ministry plans limit lifetime coverage, and have disease- or condition-specific limitations or exclusions in coverage
Contractual guarantee to provide benefits as described in plan booklets	No contractual guarantee to provide the benefits and coverage outlined in the plan booklets. Sharing Ministry plans are not insurance companies, and they do not have to provide the coverage specified in their descriptions of benefits. Sharing Ministry plans are voluntary associations in which members agree to pay the medical costs of its enrolled members. Members can refuse to pay for some members' medical costs, including those costs deemed non-compliant with the Sharing Ministry's values.

COVERED CALIFORNIA: STAFF PROPOSAL & NEXT STEPS

Proposed Policy

- Require all Covered California Certified Insurance Agents to collect a signed Consumer Acknowledgement and Full Disclosure Form from any consumer who enrolls in a non-regulated health product

- Amend the current Certified Insurance Agency Contract to require retention of the Consumer Acknowledgement and Full Disclosure Form for 3 years. Records made available upon request.

- Require electronic attestation of agreement to abide by Covered California policy regarding non-ACA compliant plans during annual Agent recertification training

Next Steps

- Seek additional feedback on the proposal and the disclosure form, and bring back to the Board in November for action
  - Send comments to OutreachandSales@covered.ca.gov

BACKGROUND MATERIALS

POTENTIAL DISCLOSURE REQUIREMENTS FOR CERTIFIED AGENTS WHO SELL NON-REGULATED HEALTH PRODUCTS

AGENT COMMENTS

In March 2019, Covered California received comments from various stakeholders about establishing standards regarding Certified Agents selling non-ACA compliant plans (particularly Sharing Ministries)

Agent Comments

- Comments received from 88 agents (complete list of comments available HERE)
- Comments reflected a wide diversity of opinion, with many respondents supporting Covered California taking action — ranging from banning the sale of Sharing Ministries to requiring disclosure — and many opposing Covered California taking any action. Among the "buckets" or responses from agents submitting comments were:
  - Prohibit certified agents from selling Sharing Ministry plans: 16 support; 14 oppose
  - Covered California should establish disclosure policies: 7 support; 5 oppose
  - Sharing Ministry plans should be an alternative when no other coverage option fits (e.g., SEP when no QLE exists, subsidy ineligible): 27 support; 18 oppose

STAKEHOLDER COMMENTS

California Association of Health Underwriters Comments

- In March 2019, Association that represents agents on legislative matters recommended:
  - No action taken against Sharing Ministry plans
  - Working with Covered California to create a disclosure form for agents to better inform consumers, the use of which would be a voluntary best practice (full comment viewable on page 20 HERE)

Qualified Health Plan Comments

- During regular meetings with QHP carriers, all 11 supported Covered California taking some action, with most supporting disclosure requirements

NON-ACA COMPLIANT PRODUCT COMMENTS

Sharing Ministry Comments

- In March 2019, Covered California received comment from one Sharing Ministry plan, Christian Care Ministry, which provided clarification on the scope and nature of their benefits, noted broad agreement with concept of requiring disclosure, and provided an example of disclosure they provide

TAKING A CLOSER LOOK AT HOW HEALTH CARE SHARING MINISTRY PLANS WORK

	Covered California Health Net HMO ***Standard Silver Plan***	**Aliera** *AlieraCare Plus Plan*	**Liberty** *Liberty Complete Plan*	**Christian Care Ministry** *Medi-Share Plan*
Deny Coverage for Health Status	No	Yes	Yes	N/A*[1]
Coverage for Pre-Existing Conditions	Yes	No	No	Limited, only after 36 months' payments*[1]
Minimum Essential Benefit Coverage	Yes	No	No	No
Enrollment Fee	No	$125	$135	$50
Agent Commission	2.6%	15-20%	15-20%	15-20%
Monthly Premium	$351 without subsidy $220 with subsidy	$193	$299	$281

***Per 03/08/2019 communication from Christian Care Ministry, some data has been updated for this 03/14/2019 presentation**

1: All cost sharing benefits are subject to qualification, variable member contributions, and continuation of shared beliefs

DISCLAIMER: The information presented here is for illustrative comparison only and shows potential coverage for a single 30-year-old in California. Data presented is taken from each Ministry's public-facing website or plan summaries and may be incomplete.

BENEFIT COMPARISONS: SILVER PLAN & HCSMS

	Covered California Health Net HMO *Standard Silver Plan*	**Aliera** *AlieraCare Plus Plan*	**Liberty** *Liberty Complete Plan*	**Christian Care Ministry** *Medi-Share Plan*
Lifetime Maximum	Unlimited	$250,000 per incident $1,000,000 lifetime	$1,000,000 per incident	Unlimited*[1]
Annual Out-of-Pocket Maximum	$7,550	$7,500	None	N/A*[1]
Annual Deductible	$2,500	$5,000	$1,000	$1,750
Primary Care Office Visit	Unlimited	3 annual visits	1 annual visit	N/A*[1]
Emergency Room	$350 copay	$500 copay	Variable	Variable[1]
Prescription Drugs	Copays after $200 Rx deductible	Not Covered / Discount Card	Not Covered / Discount Card	Variable [1]
Maternity	20% coinsurance after deductible	Not Covered	Variable	Variable[1]

***Per 03/08/2019 communication from Christian Care Ministry, some data has been updated for this 03/14/2019 presentation**
1: All cost sharing benefits are subject to qualification, variable member contributions, and continuation of shared beliefs

COVERED CALIFORNIA

DISCLAIMER: The information presented here is for illustrative comparison only and shows potential coverage for a single 30-year-old in California. Data presented is taken from each Ministry's public-facing website or plan summaries and may be incomplete.

CHRISTIAN CARE MINISTRY SAMPLE DISCLOSURE

- In an email sent to OutreachandSales@covered.ca.gov on March 8, 2019, Christian Care Ministry shared the following sample disclosure:
  - Medi-Share is administered on behalf of its members by Christian Care Ministry, Inc (CCM). It is important to understand that Medi-Share is distinctly different than insurance. Medi-Share does not pool money and does not pay members' bills. There are no guarantees, contracts, or transfer of risks or responsibilities of the members' medical bills. Medi-Share facilitates member-to-member (peer-to-peer) sharing of medical expenses through individually owned Sharing Accounts as governed by our Member-Voted Guidelines. Providers are paid by the members and not by Medi-Share.

CHRISTIAN CARE MINISTRY FULL RECOMMENDATION

- In an email sent to OutreachandSales@covered.ca.gov on March 8, 2019, Christian Care Ministry provided the following recommendation:
  - We agree that consumers need to be protected and equipped to make informed decisions about their healthcare solutions. That is why we support the recommendation to require Covered California Certified Agents to provide clear information about the risks and benefits of Sharing Ministry programs before enrolling the consumer (including that the program is not a Covered CA plan and full agent commission disclosure). In fact, any prospective agent who wishes to represent Medi-Share to potential members must first undergo a thorough training and certification program ensuring full disclosure that Medi-Share is not insurance.

SOA: CONSUMER EDUCATION TOOL

- SOA should be completed at least 48 hours <u>before</u> the agent meets with a client
- Includes descriptions of all products which a consumer may wish to discuss with the agent

Medicare Advantage Plans (Part C) and other Medicare plans
Medicare Health Maintenance Organization (HMO) — A Medicare Advantage Plan that provides all Original Medicare Part A and Part B health coverage and sometimes covers Part D prescription drug coverage. In most HMOs, you can only get your care from doctors or hospitals in the plan's network (except in emergencies).
Medicare Preferred Provider Organization (PPO) Plan — A Medicare Advantage Plan that provides all Original Medicare Part A and Part B health coverage and sometimes covers Part D prescription drug coverage. PPOs have network doctors and hospitals but you can also use out-of-network providers, usually at a higher cost.

2020 STATE PREMIUM ASSISTANCE PROGRAM DESIGN AMENDMENT: PROPOSED RECONCILIATION REPAYMENT LIMITS

Katie Ravel, Director of Policy, Eligibility and Research

YEAR-END CONSUMER RECONCILIATION OF ADVANCED PREMIUM SUBSIDIES

- State premium subsidies will be reconciled at year-end through the Franchise Tax Board.
- Reconciliation adjusts consumers' final premium credit based on their year-end income compared to the income they projected when they applied for coverage.
- Repayment of the federal premium tax credit is capped for individuals whose year-end income is at or below 400 percent of the federal poverty level (FPL), while those above 400 percent FPL must repay the entire amount of credit they received in advance.
- Covered California is charged with developing reconciliation repayment limits for state premium subsidy program.

YEAR-END CONSUMER RECONCILIATION OF FEDERAL ADVANCED PREMIUM SUBSIDIES

- Federal reconciliation adjusts the consumer's final premium tax credit based on their year-end income compared to the premium tax credit they received in advance based on the income they projected when they applied for coverage.

- Through federal reconciliation, consumers may receive additional premium tax credit if their year-end income is lower than they projected when they applied with Covered California or they may have to repay all or a portion of the credit they received in advance if their year-end income is higher than they projected.

- Reminder: federal advanced premium tax credit lowers the consumer's monthly bill, but advanced payment is made by the federal government to the health plan. The consumer's monthly net premium is the gross premium charged by the health plan minus the tax credit. The year-end reconciliation adjusts the percentage of the total premium paid by the consumer and the federal government.

FEDERAL RECONCILIATION CAPS

- Repayment of the federal premium tax credit is capped for individuals whose year-end income is at or below 400 percent FPL.
- Consumers whose year-end income exceeds 400 percent FPL must repay the entire amount of credit they received in advance.

Household FPL	Single	All other filing statuses
Less than 200%	$300	$600
At least 200% but less than 300%	$775	$1550
At least 300% but less than 400%	$1300	$2600
More than 400%	No limit	No limit

2020 STATE SUBSIDY PROGRAM DESIGN DOCUMENT PROPOSED AMENDMENT 1

1. Makes a clarification that individuals cannot claim more state subsidy than the gross premium cost for the plan they select.
2. Proposes reconciliation repayment limits for state premium subsidy:
   - For individuals who receive advanced state premium subsidy and file taxes at or below 400% FPL, proposed repayment limits mirror the federal limits.
   - For individuals who file taxes between 400 and 600% FPL, proposed repayment limits increase at a similar rate to the federal repayment limits.
   - A repayment limit is also proposed for individuals who file between 600 and 700% FPL.*
3. Individuals who attest to income above 400% FPL and receive state subsidy dollars in advance, but file at or below 400% FPL will not have a reconciliation repayment limit.

*While this is outside of the premium subsidy eligibility range, this would mirror a federal policy that was briefly in law for individuals up to 500% FPL with the aim of softening the “cliff” for those who end the year just over the income range for subsidy eligibility.

PROPOSED STATE SUBSIDY RECONCILIATION PAYMENT LIMITS

- The amount of advanced California Premium Subsidy the household must reconcile is the difference between the amount received based on attested income and the amount eligible for based on final income at tax filing, subject to the following repayment caps.
- Note: These repayment caps do not apply to households that attested to having an income greater than 400% during the benefit year but had a final income below 400% FPL.

			*Approximate percentage of household income**	
FPL	**Single filers**	**All other filers**	**Single filer**	**Four Person Tax Household**
Less than 200	$300	$600	2.4%	2.3%
At least 200 but less than 300	$775	$1,550	2.5%	2.4%
At least 300 but less than 400	$1,300	$2,600	3.0%	2.9%
At least 400 but less than 500	$2,000	$4,000	3.6%	3.5%
At least 500 but less than 600	$3,000	$6,000	4.4%	4.2%
At least 600 but less than 700	$4,200	$8,400	5.2%	5.0%
700 or above	No cap	No cap		

* Percentage of household income shown for reference, and uses the income at the midpoint of the FPL Range (e.g. for 400% to 500% FPL, the income used is 450% FPL).

SCENARIO 1 – INCOME INCREASE ATTESTED UNDER 400%, THEN FILED OVER 400%

Household with Two 55-Year Olds (Oakland, CA)

- **Eligibility under Attested Income:** Household attested to an income of 310% FPL
  - Received $17,748 in Advanced Premium Tax Credit (APTC)
  - Received $420 in CA Premium Subsidy
- **Eligibility under Final Income:** Household files federal and state income tax returns and had a final income of 410% FPL
  - Ineligible for APTC
  - Eligible for $15,576 in CA Premium Subsidy
- **Reconciling Federal APTC:** Since the household had a final income over 400% FPL at tax filing, there is no federal cap on repayment and the household owes back the entire $17,748 in APTC to the IRS.
- **Reconciling CA Premium Subsidy:** There is no repayment of the CA Premium Subsidy since the household is eligible for additional subsidy. The household already received $420 in advance and would receive from FTB a refund of $15,156.

Note: This scenario assumed enrollment in a QHP for 12 months with an annual benchmark premium of $22,872.

SCENARIO 1 – INCOME INCREASE ATTESTED UNDER 400%, THEN FILED OVER 400%

- Household attested to an income of 310% FPL
- Household files federal & state tax returns and had a final income of 410% FPL
- Household owes to IRS and receives a refund from FTB; the net financial impact is a repayment of $2,592 to IRS.

			Reconciliation Process during Tax Filing				
Source of Tax Credit	Advanced Tax Credit based on Attested Income	Tax Credit based on Final Income	Advanced Tax Credit Subject to Reconciliation	Eligible for Cap on Repayment	Amount Owed by Consumer	Refund due to Consumer	Net Consumer Financial Impact [Refund Due + Amount Owed]
Federal	$17,748	$0	($17,748)	No Cap	($17,748)	$0	($17,748)
State	$420	$15,576	$0	N/A	$0	$15,156	$15,156
Total	**$18,168**	**$15,576**	**($17,748)**		**($17,748)**	**$15,156**	**($2,592)**

* Negative Reconciliation (red) means consumers owes money back to tax agency at filing.

SCENARIO 2 – INCOME DECREASE ATTESTED OVER 400%, THEN FILED UNDER 400%

Household with Two 55-Year Olds (Oakland, CA)

- **Eligibility under Attested Income:** Household attested to an income of 410% FPL
  - Ineligible to receive APTC
  - Received $15,576 in CA Premium Subsidy
- **Eligibility under Final Income:** Household files federal and state income tax returns and had a final income of 310% FPL
  - Eligible for $17,748 in Advanced Premium Tax Credit (APTC)
  - Eligible for $420 in CA Premium Subsidy
- **Reconciling Federal ATPC:** There is no repayment of APTC since the household is eligible for APTC. The household is owed an IRS refund of $17,748.
- **Reconciling CA Premium Subsidy:**
  - Since the household only received a CA Premium Subsidy during the year, but had a final income under 400% FPL at tax filing, the household is not eligible for a repayment cap.
  - $15,576 - $420 = $15,156 subject to repayment during state filing
  - Note: if the CA reconciliation repayment limit applied in this case, this household would only repay $2,600 of the advanced state subsidy resulting in total year-end financial assistance of $30,304 instead of the $18,168 for which they are eligible.

Note: This scenario assumed enrollment in a QHP for 12 months with an annual benchmark premium of $22,872.

SCENARIO 2 – INCOME DECREASE
ATTESTED OVER 400%, THEN FILED UNDER 400%

- Household attested to an income of 410% FPL
- Household files federal & state tax returns and had a final income of 310% FPL
- Household owes FTB and receives a refund from IRS; the net financial impact is additional financial assistance of $2,592

			Reconciliation Process during Tax Filing				
Source of Tax Credit	Advanced Tax Credit based on Attested Income	Tax Credit based on Final Income	Advanced Tax Credit Subject to Reconciliation	Eligible for Cap on Repayment	Amount Owed by Consumer	Refund due to Consumer	Net Consumer Financial Impact [Refund Due + Amount Owed]
Federal	$0	$17,748	$0	N/A	$0	$17,748	$17,748
State	$15,576	$420	($15,156)	No Cap	($15,156)	$0	($15,156)
Total	**$15,576**	**$18,168**	**($15,156)**		**($15,156)**	**$17,748**	**$2,592**

* Negative Reconciliation (red) means consumers owes money back to tax agency at filing.

SCENARIO 3 – INCOME INCREASE ATTESTED ABOVE 400% AND FILED AT ABOVE 400%

Household with Two 55-Year Olds (Oakland, CA)

- **Eligibility under Attested Income:** Household attested to an income of 410% FPL
  - Ineligible to receive APTC
  - Received $15,576 in CA Premium Subsidy
- **Eligibility under Final Income:** Household files federal and state income tax returns and had a final income of 590% FPL
  - Ineligible for APTC
  - Eligible for $5,136 in CA Premium Subsidy
- **Reconciliation of Federal ATPC:** There is no repayment of APTC since the household did not receive APTC.
- **Reconciliation of CA Premium Subsidy:**
  - Since the household only received a CA Premium Subsidy during the benefit year, but had a final filed income between 500%-600% FPL, the household is eligible for a repayment cap of $6,000.
  - $15,576 - $5,136 = $10,440 subject to reconciliation during state filing, however they only owe $6,000 due to the repayment cap.

Note: This scenario assumed enrollment in a QHP for 12 months with an annual benchmark premium of $22,872.

SCENARIO 3 – INCOME INCREASE ATTESTED ABOVE 400% AND FILED AT ABOVE 400%

- Household attested to an income of 410% FPL
- Household files federal & state tax returns and had a final income of 590% FPL
- Household owes FTB; the net financial impact is a repayment of $6,000

			Reconciliation Process during Tax Filing				
Source of Tax Credit	Advanced Tax Credit based on Attested Income	Tax Credit based on Final Income	Advanced Tax Credit Subject to Reconciliation	Eligible for Cap on Repayment	Amount Owed by Consumer	Refund due to Consumer	Net Consumer Financial Impact [Refund Due + Amount Owed]
Federal	$0	$0	$0	N/A	$0	$0	$0
State	$15,576	$5,136	($10,440)	$6,000	($6,000)	$0	($6,000)
Total	**$15,576**	**$5,136**	**($10,440)**		**($6,000)**	**$0**	**($6,000)**

* Negative Reconciliation (red) means consumers owes money back to tax agency at filing.

SCENARIO 4 – INCOME INCREASE ATTESTED TO ABOVE 400%, THEN FILED AT ABOVE 600%

Household with Two 55-Year Olds (Oakland, CA)

- **Eligibility under Attested Income:** Household attested to an income of 410% FPL
  - Ineligible to receive APTC
  - Received $15,576 in CA Premium Subsidy
- **Eligibility under Final Income:** Household files federal and state income tax returns and had a final income of 610% FPL
  - Ineligible for Premium Tax Credit
  - Ineligible for CA Premium Subsidy
- **Reconciliation of Federal ATPC:** There is no repayment of APTC since the household did not receive APTC.
- **Reconciliation of CA Premium Subsidy:**
  - Since the household only received a CA Premium Subsidy during the benefit year, but had a final filed income between 600%-700% FPL, the household is eligible for a repayment cap of $8,400.
  - $15,576 - $0 = $15,576 subject to reconciliation during state filing, however they only owe $8,400 due to the repayment cap.

Note: This scenario assumed enrollment in a QHP for 12 months with an annual benchmark premium of $22,872.

SCENARIO 4 – INCOME INCREASE
ATTESTED TO ABOVE 400%, THEN FILED AT ABOVE 600%

- Household attested to an income of 410% FPL
- Household files federal & state tax returns and had a final income of 610% FPL
- Household owes FTB; the net financial impact is a repayment of $8,400

			Reconciliation Process during Tax Filing				
Source of Tax Credit	Advanced Tax Credit based on Attested Income	Tax Credit based on Final Income	Advanced Tax Credit Subject to Reconciliation	Eligible for Cap on Repayment	Amount Owed by Consumer	Refund due to Consumer	Net Consumer Financial Impact [Refund Due + Amount Owed]
Federal	$0	$0	$0	N/A	$0	$0	$0
State	$15,576	$0	($15,576)	$8,400	($8,400)	$0	($8,400)
Total	**$15,576**	**$0**	**($15,576)**		**($8,400)**	**$0**	**($8,400)**

COVERED CALIFORNIA

* Negative Reconciliation (red) means consumers owes money back to tax agency at filing.

SCENARIO 5 – INCOME DECREASE ATTESTED BELOW 400% AND FILED BELOW 400%

Household with Two 55-Year Olds (Oakland, CA)

- **Eligibility under Attested Income:** Household attested to an income of 310% FPL
  - Received $17,748 in Advanced Premium Tax Credit (APTC)
  - Received $420 in CA Premium Subsidy
- **Eligibility under Final Income:** Household files federal and state income tax returns and had a final income of 205% FPL
  - Eligible for $20,568 in APTC
  - Eligible for $108 in CA Premium Subsidy
- **Reconciling Federal APTC:** There is no repayment of APTC since the household is eligible for additional APTC. The household is owed an IRS refund of $2,820.
- **Reconciling CA Premium Subsidy:** The amount of subsidy the household must repay is the difference between the amount provided based on attested income and the amount eligible for based on final income at tax filing.
  - $420 - $ 108 = $312 subject to repayment during state filing
  - While eligible for a cap on repayment based on the filed income below 400% FPL, in this case, the $312 subject to repayment is below the cap of $1,550.

Note: This scenario assumed enrollment in a QHP for 12 months with an annual benchmark premium of $22,872.

SCENARIO 5 – INCOME DECREASE
ATTESTED BELOW 400% AND FILED BELOW 400%

- Household attested to an income of 310% FPL
- Household files federal & state tax returns and had a final income of 205% FPL
- Household owes FTB and receives a refund from IRS; the net financial impact is additional financial assistance of $2,508

			Reconciliation Process during Tax Filing				
Source of Tax Credit	Advanced Tax Credit based on Attested Income	Tax Credit based on Final Income	Advanced Tax Credit Subject to Reconciliation	Eligible for Cap on Repayment	Amount Owed by Consumer	Refund due to Consumer	Net Consumer Financial Impact [Refund Due + Amount Owed]
Federal	$17,748	$20,568	$0	N/A	$0	$2,820	$2,820
State	$420	$108	($312)	$1,550	($312)	$0	($312)
Total	**$18,168**	**$20,676**	**($312)**		**($312)**	**$2,820**	**$2,508**

* Negative Reconciliation (red) means consumers owes money back to tax agency at filing.

SCENARIO 6 – INCOME DECREASE ATTESTED TO BELOW 400%, THEN FILED AT 138%-200%

Household with Two 55-Year Olds (Oakland, CA)

- **Eligibility under Attested Income:** Household attested to an income of 310% FPL
  - Received $17,748 in Advanced Premium Tax Credit (APTC)
  - Received $420 in CA Premium Subsidy
- **Eligibility under Final Income:** Household files federal and state income tax returns and had a final income of 148% FPL
  - Eligible for $21,876 in APTC
  - Ineligible for CA Premium Subsidy
- **Reconciliation of Federal APTC:** There is no repayment of APTC since the household is eligible for additional APTC. The household is owed an IRS refund of $4,128.
- **Reconciliation of CA Premium Subsidy:**
  - Since all of the CA Premium Subsidy that was advanced is subject to reconciliation, and the amount is below the repayment cap of $600, the entire $420 advanced credit is subject to repayment during state filing.

Note: This scenario assumed enrollment in a QHP for 12 months with an annual benchmark premium of $22,872.

SCENARIO 6 – INCOME DECREASE ATTESTED TO BELOW 400%, THEN FILED AT 138%-200%

- Household attested to an income of 310% FPL
- Household files federal & state tax returns and had a final income of 148% FPL
- Household owes FTB and receives a refund from IRS; the net financial impact is additional financial assistance of $3,708

			Reconciliation Process during Tax Filing				
Source of Tax Credit	Advanced Tax Credit based on Attested Income	Tax Credit based on Final Income	Advanced Tax Credit Subject to Reconciliation	Eligible for Cap on Repayment	Amount Owed by Consumer	Refund due to Consumer	Net Consumer Financial Impact [Refund Due + Amount Owed]
Federal	$17,748	$21,876	$0	No Cap	$0	$4,128	$4,128
State	$420	$0	($420)	$600	($420)	$0	($420)
Total	**$18,168**	**$21,876**	**($420)**		**($420)**	**$4,128**	**$3,708**

* Negative Reconciliation (red) means consumers owes money back to tax agency at filing.

KEY MILESTONES AND NEXT STEPS

Key Milestones	Dates
CalHEERS System Testing	July – September 2019
Program Regulations Development	August – September
Reconciliation Repayment Limit Development	September – November
Start of Renewal for 2020 Benefit Year	October 2019