



## CMS ANNOUNCES CHANGES TO MARKETPLACE INCOME VERIFICATION PROCEDURE

### **Change Effective for Plan Year 2017**

The Centers for Medicare and Medicaid Services (CMS) has [announced](#) a change to the procedure used in federally facilitated Health Insurance Marketplaces to verify the household income of applicants requesting financial assistance. This change will be in place prior to the start of open enrollment for plan year 2017.

### **Background**

Currently, when a Marketplace applicant requests financial assistance, such as advance payments of the [premium tax credit](#), the Marketplace checks the applicant's eligibility for such assistance by comparing his or her attested household income against income data received from government data sources. If the applicant's household income is not available from those data sources, or the applicant's attested household income is **more than 10%** less than the income data shows, the Marketplace generates a "data matching issue" that requires the applicant to submit additional documentation.

### **Change to Household Income Verification Procedure**

**Beginning with the start of Marketplace open enrollment for plan year 2017**, a data matching issue will be generated only if the applicant's attested household income is **more than 25% or \$6,000 (whichever is greater)** lower than the income data shows. This change is expected to reduce the number of applicants who must submit additional documentation. The policy that a data matching issue is generated if no income data is available from government data sources, however, is maintained.

The announced change applies specifically to federally facilitated Marketplaces. State-based Marketplaces can request approval of a different income verification procedure from the U.S. Department of Health and Human Services (HHS).

## IRS REMINDER: CONDUCT A MID-YEAR ACA "CHECKUP"

### Workforce Size Impacts 'Pay or Play' and Information Reporting Requirements

The IRS is reminding employers to conduct a mid-year examination of how many full-time and full-time equivalent employees (FTEs) they have in the current calendar year in order to determine whether they must comply with the employer shared responsibility provisions ("pay or play") and corresponding information reporting requirements of the Affordable Care Act (ACA) in the next calendar year.

### Employers With Fewer Than 50 Employees

Employers with fewer than 50 full-time employees, including FTEs, in the preceding calendar year are generally not subject to [pay or play](#) for the current calendar year. Other provisions of the ACA, however, may still be applicable to these employers, including:

- **Information Reporting:** Small self-insured employers must file Forms [1094-B](#) and [1095-B](#) with the IRS about individuals they cover and furnish a Form 1095-B to employees enrolled or responsible for those enrolled in the plan about the coverage provided. If the small employer's health coverage is provided through an insurance policy, the issuer will file and furnish these forms.
- **SHOP Eligibility:** Employers with 50 or fewer full-time employees, including FTEs, can purchase insurance through the Small Business Health Options Program (SHOP) Marketplace.
- **Small Business Health Care Tax Credit:** Employers may be eligible for the [small business health care tax credit](#) if they do all of the following:
  - Cover at least 50% of full-time employees' premium costs;
  - Have fewer than 25 FTEs with average annual wages of less than \$51,800 in tax year 2016 (\$51,600 in tax year 2015); and
  - Generally purchase coverage through the SHOP Marketplace.

## Employers With 50 or More Employees

In general, employers with **at least 50 full-time employees** (including FTEs) in the preceding calendar year are [applicable large employers](#) (ALEs) for the current calendar year. ALEs are generally required to comply with pay or play. Other ACA provisions which may be applicable to ALEs include:

- **Information Reporting:** ALEs must file Forms [1094-C](#) and [1095-C](#) with the IRS and furnish a Form 1095-C to full-time employees about the health coverage they offered. If the ALE provides self-insured coverage, the employer must also include information about covered individuals on all applicable Forms 1095-C.
- **Pay or Play Transition Relief:** While ALEs are generally subject to pay or play, [transition relief](#) is available for certain employers for 2015 and 2016.
- **SHOP Eligibility:** Starting in 2016, some states may make the SHOP Marketplace available to businesses with up to 100 employees.

