



STATE OF NEW YORK
DEPARTMENT OF HEALTH
P.O. Box 11729
Albany, NY 12211

Notice of Decision

Decision Date: March 9, 2017

NY State of Health Account ID: [REDACTED]
Appeal Identification Number: AP000000013693

[REDACTED]

Dear [REDACTED],

On March 6, 2017, you appeared by telephone at a hearing on your appeal of NY State of Health's December 1, 2016 eligibility redetermination notice.

The enclosed Decision, rendered after that hearing, is issued by the Appeals Unit of NY State of Health.

If you have questions about your Decision, you can contact us by:

- Calling the Customer Service Center at 1-855-355-5777
- Sending Mail to:
NY State of Health Appeals
P.O. Box 11729
Albany, NY 12211
- Sending a Fax to 1-855-900-5557

When contacting NY State of Health about your appeal and/or the Decision, please refer to the Appeal Identification number and the NY State of Health Account ID at the top of this notice.

Legal Authority

We are sending you this notice in accordance with 45 Code of Federal Regulations (CFR) § 155.545.

If you need this information in a language other than English or you need assistance reading this notice, we can help you. Call 1-855-355-5777 (TTY - English: 1-800-662-1220) (TTY - Spanish: 1-877-662-4886).

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NY State of Health Account ID: [REDACTED]
Appeal Identification Number: AP000000013693

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Issues

The issues presented for review by the Appeals Unit of NY State of Health are:

Did NY State of Health properly determine that you were eligible to receive up to \$56.00 per month in advance payments of the premium tax credit, effective January 1, 2017?

Did NY State of Health properly determine that you were not eligible for cost-sharing reductions?

Procedural History

On November 30, 2016, NY State of Health (NYSOH) received your updated application for health insurance.

On December 1, 2016, NYSOH issued an eligibility redetermination notice, based on the information contained in the November 30, 2016 application, stating that you were eligible to receive an advance premium tax credit (APTC) of up to \$56.00 per month and that you were not eligible for cost-sharing reductions (CSR), effective January 1, 2017.

Also on December 1, 2016, you contacted NYSOH's Account Review Unit and requested an appeal of that eligibility redetermination as it related to the amount of your APTC.

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On March 6, 2017, you had a telephone hearing with a Hearing Officer from NYSOH's Appeals Unit. The record was developed during the hearing and closed at the end of the hearing.

Findings of Fact

A review of the record supports the following findings of fact:

- 1) You testified that you expect to file your 2017 taxes with a tax filing status of Head of Household (with qualifying individual). You will claim three dependents on that tax return.
- 2) You are seeking insurance for yourself only.
- 3) The application that was submitted on November 30, 2016 listed annual household income of \$66,760.01, consisting of salary you earn from your employment. You testified that this amount was correct.
- 4) You testified that you are paid a bi-weekly salary of \$2,600.00 and that this is a steady amount.
- 5) Your application states that you will be taking \$840.00 in deductions on your 2017 tax return for student loan interest.
- 6) You testified that you have expenses of a mortgage, utilities, commuting, and food cost associated with maintaining a household for you, your mother and two younger brothers.
- 7) You testified that you are seeking to be found eligible for a greater amount of APTC and for cost sharing reductions because the plans available to you through NYSOH are unaffordable without a greater subsidy.
- 8) Your application states that you live in Putnam County, New York.

Conflicting evidence, if any, was considered and found to be less credible than the evidence noted above.

Applicable Law and Regulations

Modified Adjusted Gross Income

NYSOH bases its eligibility determinations on modified adjusted gross income as defined in the federal tax code (45 CFR § 155.300(a)). The term "modified adjusted gross income" means adjusted gross income increased by (1) any

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income that was excluded under 26 USC § 911 for United States citizens or residents living abroad, (2) tax-exempt interest received or accrued, and (3) Social Security benefits that were excluded from gross income under 26 USC § 86 (see 26 USC § 36B(d)(2)(B), 26 CFR § 1.36B-1(e)(2)).

“Adjusted gross income” means, in the case of an individual taxpayer, gross federal taxable income minus certain specific deductions, such as expenses reimbursed by an employer, losses from sale or exchange of property, losses from premature withdrawal of funds from time savings accounts, deductions attributable to royalties, and certain retirement savings (26 USC § 62(a)). Living expenses, such as rent and utilities are not an allowable deduction in computing adjusted gross income.

“Adjusted gross income” is the gross income of the taxpayer minus the deductions permitted (26 USC § 62). Subject to some limitations, interest on a qualified educational loan can be deducted from adjusted gross income in an amount up to \$2,500 in interest paid by taxpayers during the taxable year, whose yearly income does not exceed \$160,000 (26 USC § 221; see also 26 USC § 62 (17)).

Advance Payments of Premium Tax Credit

Advance payments of the premium tax credit (APTC) are generally available to a person who is eligible to enroll in a qualified health plan (QHP) and (1) expects to have a household income between 138% and 400% of the applicable federal poverty level (FPL), (2) expects to file a tax return and claim a personal exemption deduction for a person who meets the eligibility requirements to enroll in a QHP, and (3) is not otherwise eligible for minimum essential coverage except through the individual market (see 45 CFR § 155.305(f), 42 CFR § 435.119(b), 42 CFR § 435.911(b)(1), 42 CFR § 435.603(d)(4)).

The maximum amount of APTC that can be authorized equals:

- 1) the cost of the health insurance premium for the taxpayer’s coverage is the second lowest cost silver plan offered through NY State of Health in the county where the taxpayer resides

minus

- 2) the taxpayer’s expected contribution amount

(see 26 USC § 36B, 26 CFR § 1.36B-3).

The taxpayer’s expected contribution amount is the amount that the taxpayer is expected to spend on health insurance premiums. The expected contribution for 2017 is set by federal law at 2.04% to 9.69% of household income (26 USC §

36B(b)(3)(A), 26 CFR § 1.36B-3T(g)(1), IRS Rev. Proc. 2014-37, IRS Rev. Proc. 2016-24).

In an analysis of APTC eligibility, the determination is based on the FPL for the first day of the open enrollment period of the benefit year for which coverage is requested (45 CFR §§ 155.300(a), 155.305(f)(1)(i)). On the date of your application, that was the 2016 FPL, which is \$24,300.00 for a four-person household (81 Fed. Reg. 4036).

For annual household income in the range of at least 250% but less than 300% of the 2016 FPL, the expected contribution is between 8.21% and 9.69% of the household income (26 CFR § 1.36B-3T(g)(1), 45 CFR § 155.300(a), IRS Rev. Proc. 2016-24).

People who use APTC to help pay health insurance premiums must file a federal tax return and reconcile their expected income (stated on NYSOH application) with their actual income (stated on their federal income tax return). Those who take less tax credit in advance than they claim on the tax return may get the rest of it as an income tax refund or have their tax bill reduced. Those who take more tax credit in advance than they can claim on their tax return will owe the difference as additional income taxes (26 CFR § 1.36B-4).

Cost-Sharing Reductions

Cost-sharing reductions (CSR) are available to a person who (1) is eligible to enroll in a QHP through NYSOH, (2) meets the requirements to receive APTC, (3) is expected to have an annual household income that does not exceed 250% of the FPL for the first day of the open enrollment period of the benefit year for which coverage is requested, and (4) is enrolled in a silver-level QHP (45 CFR § 155.300(a), 45 CFR § 155.305(g)(1)).

Affordability Exemption

Under some circumstances, a person may receive an exemption from paying a penalty for not purchasing health insurance coverage. Such an exemption may be granted if that person can show that he or she experienced a financial hardship or has domestic circumstances that (1) caused an unexpected increase in essential expenses that prevented that person from obtaining health coverage under a QHP; (2) would have caused the person to experience serious deprivation of food, shelter, clothing, or other necessities, as a result of the expense of purchasing health coverage under a QHP; or (3) prevented that person from obtaining coverage under a QHP (45 CFR § 155.605(a), (g)).

NYSOH has deferred to the U.S. Department of Health and Human Services (HHS) on the matter of hardship exemptions (see 45 CFR § 155.505(c)).

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Legal Analysis

The first issue under review is whether NYSOH properly determined that you were eligible for APTC of up to \$56.00 per month.

The application that was submitted on November 30, 2016 listed an annual household income of \$66,760.01, which took into account your student loan interest deduction of \$840.00, and the eligibility determination relied upon that information. During the hearing, you testified that the amount of income you provided in your application was correct. However, you asked that your current expenses, which include rent, electricity and other living expenses, be considered when calculating your annual household income because plans were otherwise unaffordable to you. Since the Internal Revenue Service rules do not allow living expenses such as rent, utilities, and other living expenses to be deducted from the calculation of your adjusted gross income, they cannot be deducted when NYSOH computes your modified adjusted gross income for APTC purposes. Therefore, the household income amount of \$66,760.01 that was used in calculating your eligibility for APTC was correct.

You are in a four-person household for purposes of this analysis. This is because you expect to file your 2017 income taxes as Head of Household (with qualifying individual) and will claim three dependents on that tax return. You will also claim \$840.00 for deductions for student loan interest.

You reside in Putnam County, where the second lowest cost silver plan available for an individual through NYSOH costs \$553.26 per month.

An annual income of \$66,760.01 is 274.73% of the 2016 FPL for a four-person household. At 274.73% of the FPL, the expected contribution to the cost of the health insurance premium is 8.94% of income, or \$497.47 per month.

The maximum amount of APTC that can be approved equals the cost of the second lowest cost silver plan available through NYSOH for an individual in your county (\$553.26 per month) minus your expected contribution (\$497.47 per month), which equals \$55.79 per month. Therefore, rounding to the nearest dollar, NYSOH correctly determined you to be eligible for up to \$56.00 per month in APTC.

The second issue is whether you were properly found ineligible for cost-sharing reductions. Cost-sharing reductions are available to a person who has a household income no greater than 250% of the FPL. Since a household income of \$66,760.01 is 274.73% of the applicable FPL, NYSOH correctly found you to be ineligible for cost sharing reductions.

Since the December 1, 2016 eligibility redetermination notice properly stated that, based on the information you provided, you were eligible for up to \$56.00

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per month in APTC and ineligible for cost-sharing reductions, it is correct and is AFFIRMED.

If you wish to be considered for a hardship exemption, which would exempt you from paying a penalty for not having health insurance during 2017, you can check the Federal Marketplace website (www.healthcare.gov) for an application.

Decision

The December 1, 2016 eligibility redetermination notice is AFFIRMED.

Effective Date of this Decision: March 9, 2017

How this Decision Affects Your Eligibility

Your eligibility for up to \$56.00 per month in APTC in 2017 is correct.

Your ineligibility for cost-sharing reductions is correct.

If You Disagree with this Decision (Appeal Rights)

This Decision is final unless you submit an appeal request to U.S. Department of Health and Human Services or bring a lawsuit under New York Civil Practice Law and Rules, Article 78.

You may bring a lawsuit on any Appeals Unit decision in New York State court in accordance with Article 78 of the New York Civil Practice Law and Rules. This must be done within four months of the Decision Date, which appears on the first page of this Decision.

Additionally, Appeals Unit decisions on issues involving eligibility for qualified health plans, advance premium tax credits, and cost-sharing reductions may be appealed to the U.S. Department of Health and Human Services. This must be done within 30 days of the Decision Date, which appears on the first page of this Decision (45 CFR § 155.520(c)).

If you wish to be represented by an attorney in bringing an outside appeal and do not know how to go about getting one, you may contact legal resources available to you. You may, for example, contact the local County Bar Association, Legal Aid, or Legal Services.

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If You Have Questions about this Decision (Customer Service Resources):

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- By fax: 1-855-900-5557

Summary

The December 1, 2016 eligibility redetermination notice is AFFIRMED.

Your eligibility for up to \$56.00 per month in APTC in 2017 is correct.

Your ineligibility for cost-sharing reductions is correct.

Legal Authority

We are sending you this notice in accordance with 45 CFR § 155.545.

A Copy of this Decision Has Been Provided To:

