



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

## Notice of Decision

Decision Date: March 13, 2017

NY State of Health Account ID: [REDACTED]  
Appeal Identification Number: AP000000013726

[REDACTED]

Dear [REDACTED],

On March 6, 2017, you appeared by telephone at a hearing on your appeal of NY State of Health's December 2, 2016 eligibility determination 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).

This page intentionally left blank.



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

## Decision

Decision Date: March 13, 2017

NY State of Health Account ID: [REDACTED]  
Appeal Identification Number: AP000000013726



## Issues

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

Did NY State of Health (NYSOH) properly determine that you were eligible to receive up to \$277.00 per month in advance payments of the premium tax credit, effective January 1, 2017?

Did NY State of Health properly determine that you were eligible for cost-sharing reductions, effective January 1, 2017?

## Procedural History

On December 1, 2016, you updated your application for financial assistance. Based on that update, NYSOH rendered a preliminary eligibility determination finding you eligible to receive up to \$277.00 per month in advance payments of the premium tax credit (APTC) and eligible to receive cost-sharing reductions, if you enrolled in a silver-level qualified health plan.

Also on December 1, 2016, you spoke to NYSOH's Account Review Unit and requested an appeal relative to the amount of financial assistance you were determined eligible to receive.

On December 2, 2016, NYSOH issued a notice of eligibility determination, based on the December 1, 2016 application, stating that you were eligible to receive up to \$277.00 per month in APTC and eligible to receive cost-sharing reductions, effective January 1, 2017. The notice also directed you to submit proof of income by March 1, 2017 to confirm the information in your application.

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).

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 are applying for health insurance for yourself.
- 2) You testified that you expect to file a 2017 federal income tax return using the tax status of single, and do expect to claim any dependents on that tax return.
- 3) According to your December 1, 2016 application, you attested to a 2017 annual household income of \$28,000.00.
- 4) You testified that you are consistently issued \$1,166.67 in gross income on a biweekly basis.
- 5) You testified that, given your living expenses, you are unable to afford health insurance through NYSOH based on the financial assistance you were determine eligible to receive.
- 6) You testified that you expect to claim a \$2,000.00 deduction for tuition and fees on your 2017 federal income tax return.
- 7) According to your NYSOH account, you reside in Bronx 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 (MAGI)

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 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.

Subject to limitations, tuition and fees for higher education paid by the tax payer to a qualified educational institution can be deducted from their gross income in an amount up to \$4,000.00, provided the tax payer’s adjusted gross income does not exceed \$80,000.00, \$160,000.00 if filing a joint return (26 USC § 222(e); see IRS Publication 970).

#### 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 family in 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.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 \$11,880.00 for a one-person household (81 Fed. Reg. 4036.).

For annual household income in the range of at least 200% but less than 250% of the 2016 FPL, the expected contribution is between 8.21% and 6.43% of the household income (26 CFR § 1.36B-3T(g)(1), 45 CFR § 155.300(a), IRS Rev. Proc.2016-24).

People who use the 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)).

## **Legal Analysis**

The first issue is whether NYSOH properly determined that you were eligible for an APTC of up to \$277.00 per month, effective January 1, 2017.

The application that was submitted on November 28, 2016 listed an annual household income of \$28,000.00 and the eligibility determination relied upon that information.

During the hearing, you testified that the amount you provided in your application was correct. However, you testified that you cannot afford health insurance given your current living expenses and the amount of financial assistance you were determined eligible to receive. During the hearing, you stated that your living expenses, which included rent, car payments, utilities, and car insurance, should be considered when calculating your annual household income. Since the Internal Revenue Service rules do not allow living expenses be deducted from

the calculation of your adjusted gross income, they cannot be deducted when the NYSOH computes your modified adjusted gross income for APTC purposes. Since the Internal Revenue Service rules do not allow living expenses to be deducted from the calculation of your adjusted gross income, such expenses cannot be deducted when NYSOH computes your modified adjusted gross income for APTC purposes. Therefore, NYSOH correctly determined your household income to be \$28,000.00.

You are in a one-person household. This is because you expect to file your 2017 federal income tax return using the tax status of single, and do not expect to claim any dependents on that tax return.

You reside in Bronx County, where the second lowest cost silver plan available for an individual through NYSOH costs \$456.46 per month.

An annual income of \$28,000.00 is 235.69% of the 2016 FPL for a one-person household. At 235.69% of the FPL, the expected contribution to the cost of the health insurance premium is 7.70% of income, or \$179.67 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 (\$456.46 per month) minus your expected contribution (\$179.67 per month), which equals \$276.79 per month. Therefore, rounding to the nearest dollar, NYSOH correctly determined you to be eligible for up to \$277.00 per month in APTC.

The second issue is whether you were properly found eligible 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 \$28,000.00 is 235.69% of the applicable FPL, NYSOH correctly found you to be eligible for cost sharing reductions.

During the hearing, you testified that you are consistently issued \$1,166.67 in gross income on a biweekly basis from your employer. Therefore, your expected annual household gross income is  $(\$1,166.67 \times 26)$  \$30,333.42 for 2017. Furthermore, you testified that you expect to claim a \$2,000.00 deduction for tuition and fees in 2017. Therefore, your expected 2017 MAGI is \$28,333.42. Since this will not materially affect your eligibility for financial assistance, your case will not be returned to NYSOH.

Therefore, the December 2, 2016 eligibility determination notice is AFFIRMED.

## **Decision**

The December 2, 2016 eligibility determination notice is AFFIRMED.

This decision has no effect on any subsequent eligibility determinations issued by NYSOH.

**Effective Date of this Decision:** March 13, 2017

## **How this Decision Affects Your Eligibility**

You were properly determined eligible for up to \$277.00 per month in APTC.

You were properly determined eligible for cost-sharing reductions.

## **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.

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

You can contact us in any of the following ways:

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).



- By calling the Customer Service Center at 1-855-355-5777
- By mail at:  
NY State of Health Appeals  
P.O. Box 11729  
Albany, NY 12211
- By fax: 1-855-900-5557

## **Summary**

The December 2, 2016 eligibility determination notice is AFFIRMED.

You were properly determined eligible for up to \$277.00 per month in APTC.

You were properly determined eligible for cost-sharing reductions.

This decision has no effect on any subsequent eligibility determinations issued by NYSOH.

## **Legal Authority**

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

**A Copy of this Decision Has Been Provided To:**

