



## **Annual Income Threshold Adjustment FAQ**

*The contents of this document do not have the force and effect of law and are not meant to bind the public in any way, unless specifically incorporated into a contract. This document is intended only to provide clarity to the public regarding existing requirements under the law.*

As part of our ongoing effort to improve the consumer experience and access to high-quality coverage in the Marketplace, as well as promote health equity, 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. The change will also promote health equity by decreasing the negative impact of income document verification on vulnerable consumers. These FAQs provide details about this change in the Federally-facilitated Marketplaces (FFM) and State-based Marketplaces on the Federal Platform (SBM-FPs), 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 household income differs from the information in the trusted data sources by an amount that 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 documentation of household income 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 the annual household income amount an applicant attested to is less than the household income amount information received from trusted data sources by more than 25% or by \$6,000 (whichever is greater), 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 threshold cannot be less than 10% and can include a dollar threshold.<sup>1</sup>

At the current threshold, annual household income data matching issues negatively impact vulnerable consumers' ability to maintain coverage. HHS has determined that it is a reasonable threshold to generate an annual income data matching issue for a consumer if they attest to having household income that is lower than the amount information from our trusted data sources by more than 50% or

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<sup>1</sup> 45 C.F.R. § 155.320(c)(3)(vi).

\$12,000 (whichever is greater); a data matching issue continues to also be 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 FFMs and SBM-FPs prior to the start of the annual individual market open enrollment period for plan year 2022.

**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 they attest to having household income that is lower than the household income amount information received from trusted data sources by more than 50% or \$12,000 (whichever is greater). SBMs that would like to propose a different threshold 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 FFMs and SBM-FPs will be implementing this change for the annual individual market open enrollment period for plan year 2022, States can implement or apply for a new threshold at any point during the plan year.