DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Center for Consumer Information & Insurance Oversight
200 Independence Avenue SW
Washington, DC 20201

RE: Statement regarding the Failure to File and Reconcile Requirement for Plan Years 2026-2027

July 22, 2026

On June 12, 2026, in *City of Columbus v. Kennedy*, No. 1:25-cv-2114 (D. Md.), the U.S. District Court for the District of Maryland issued an order vacating certain provisions of the 2025 Marketplace Integrity and Affordability Final Rule (90 FR 27074), among them "the failure to reconcile policy in 45 C.F.R. § 155.305(f)(4), including the final rule's amendments to that policy through the addition of 45 C.F.R. § 155.305(f)(4)(iii)." In addition, on July 16, 2026, in *City of Columbus v. Kennedy*, No. 1:26-cv-2215 (D. Md.), the same Court issued an order staying certain provisions of the Notice of Benefit and Payment Parameters for 2027 (91 FR 29256), including "the failure to reconcile policy in the rule's amendment of 45 C.F.R. § 155.305(f)(4)."

Accordingly, for plan year 2026, Exchanges must immediately begin to update their systems to stop removing or denying advance payments of the premium tax credit for any new applicants or existing enrollees due to having failed to file and reconcile prior years' premium tax credits.

Exchanges must continue in this manner for plan year 2027. In light of the Court's rulings, previous guidance concerning the two-year FTR policy is no longer valid.

As a reminder, this doesn't affect the ACA's statutory requirement that consumers must file a federal income tax return and reconcile their advanced premium tax credits.

Additionally, HHS has reimplemented the automatic 60-day extension of time to resolve inconsistencies in household income data (45 CFR 155.315(f)(7)).

As noted, the *City of Columbus* orders also vacated or stayed other regulatory provisions, and HHS will provide additional guidance as needed.