2025 Program Integrity Rule Overview Part II

October 2025

This information is intended only for the use of entities and individuals certified to serve as Navigators, certified application counselors, or non-Navigator assistance personnel in a Federally-facilitated Marketplace. The terms "Federally-facilitated Marketplace" and "FFM," as used in this document, include FFMs where the state performs plan management functions. Some information in this presentation may also be of interest to individuals helping consumers in State-based Marketplaces and State-based Marketplaces using the Federal Platform. This material was produced and disseminated at U.S. tax filer expense.

CSG-202510

Agenda

- 2025 Program Integrity Rule Overview
- Stay of Certain Provisions of the Marketplace Integrity and Affordability Final Rule
- Removal of 60-Day Extension for Income Data Matching Issues (DMI)
- Updates on FTR Operations
- Help paying for Marketplace coverage in 2026
  - Expiration of Enhanced Premium Tax Credits
  - Federal Poverty Levels for Plan Year 2026
  - Premium Tax Credit Change Consumer Impacts
  - Tax Credit Calculation
  - Examples and Takeaways
- City of Columbus vs. Kennedy

2025 Program Integrity Rule Overview

- The “Patient Protection and Affordable Care Act; Marketplace Integrity and Affordability Final Rule” (Program Integrity Rule) is a federal regulation designed to prevent improper enrollments and strengthen Exchange integrity.
- The Program Integrity Rule creates stronger protections for consumers by:
  - Preventing unauthorized enrollment changes
  - Adding verification safeguards
  - Strengthening Marketplace standards
- **Primary rule provisions became effective August 25, 2025.**

Stay of Certain Provisions of the 2025 Marketplace Integrity and Affordability Final Rule (Slide 1 of 3)

- Pursuant to an order of the federal district court for the District of Maryland in City of Columbus v. Kennedy, No. 25-cv-2114-BAH (D. Md.), the implementation of certain provisions of the recently promulgated Marketplace Integrity and Affordability Final Rule, 90 Fed. Reg. 27,074 (June 25, 2025), have been stayed while the litigation remains pending.
- These provisions were scheduled to go into effect on August 25, 2025. As a result of the court's order, the following provisions of the final rule will not go into effect on August 25, 2025:

Stay of Certain Provisions of the 2025 Marketplace Integrity and Affordability Final Rule (Slide 2 of 3)

Confirmed as of September 19

Provision	Impact for Open Enrollment (OE) 2026
$5 Premium for Auto Re-enrollees Who Would Have Had $0 Premium (§ 155.335(a),(n))	Qualifying consumers will continue to be automatically re-enrolled with no premium responsibility following application of Advance Payments of the Premium Tax Credit (APTC).
Satisfaction of Debt for Past-due Premiums [Coverage Denials for Failure to Pay Premiums for Prior Coverage] (§ 147.104(i))	Issuers are prohibited from conditioning the issuance of new health insurance coverage on payment of unpaid past-due premiums from prior coverage.
One-Year Failure to File Taxes and Reconcile APTC Process (§ 155.305(f)(4))	Marketplaces will continue the two-year Failure to File and Reconcile (FTR) policy that was in place prior to the Marketplace Integrity and Affordability Final Rule. Marketplaces should only remove APTC for households after two consecutive years in FTR status.
Federal Exchanges Conducting Eligibility Verification for SEPs beyond Loss of Minimum Essential Coverage (MEC) and for 75 Percent of New Enrollments through SEPs (§ 155.420(g))	The Federally-facilitated Marketplace will continue to verify Loss of MEC Special Enrollment Periods (SEPs), but will not implement verification for additional SEPs.

Source: City of Columbus v. Kennedy, No. 25-cv-2114.

Stay of Certain Provisions of the 2025 Marketplace Integrity and Affordability Final Rule (Slide 3 of 3)

Confirmed as of September 19

Provision	Impact for OE 2026
Income Verification When IRS Indicates Income Less Than 100 Percent Federal Poverty Level (§ 155.320(c)(3)(iii))	Income data matching inconsistencies (DMIs) will not be opened for applicants when IRS indicates income less than 100 percent of the Federal Poverty Level (FPL) and the applicant attested that their annual household income was over 100 percent FPL.
Income Verification When Tax Data is Unavailable (§ 155.320(c)(5))	Income DMIs will not be opened for applicants when the Marketplace attempts to verify an applicant's attested projected annual household income with the IRS, but the IRS returns no tax data.
Actuarial Value (AV)/Expanded De Minimis Ranges (§§ 156.140, 156.200, 156.400)	Use of the expanded AV ranges is not permitted, and Marketplace issuers may need to submit new rates, forms, and related plan data for QHP certification to comply with the court's order. On September 5, CMS released updated instructions and an updated Actuarial Value Calculator and Methodology.

Source: City of Columbus v. Kennedy, No. 25-cv-2114.

Provisions of Marketplace Integrity and Affordability Rule in Effect for Open Enrollment 2026

Confirmed as of September 19

Open Enrollment (OE) for Plan Year (PY) 2026 will run from November 1, 2025, through January 15, 2026. (§ 155.410)[1]

In effect as of August 25, 2025:

- Reinstatement of Previous Interpretation of "Lawfully Present" Definition to Exclude Deferred Action for Childhood Arrivals (DACA) (§ 155.20)[1]
- Establishing Evidentiary Standards for Termination of an Agent's, Broker's, or Web-broker's Exchange Agreements for Cause (§ 155.220(g)(2))
- Removal of Automatic 60-Day Extension to Resolve Income Inconsistency (§ 155.315)
- Elimination of Gross Premium Percentage-based and Fixed-dollar Premium Payment Thresholds [Premium Payment Threshold] (§ 155.400(g))[2]
- Removal of Monthly Special Enrollment Period for APTC-Eligible Qualified Individuals with a Household Income at or Below 150 Percent of the Federal Poverty Level (§ 155.420)[1]
- Failure-to-File and Reconcile (FTR) Two-Year Policy (§155.305(f)(4))

For more information on these provisions, see "2025 Marketplace Integrity and Affordability Final Rule," June 30.
1. Please see "2025 Program Integrity Rule Overview, Part I," August 25, for more information on these provisions.
2. Note, Issuers may continue offering the longstanding option of a premium payment threshold based on a net percent of premium owed.

Provisions of Marketplace Integrity and Affordability Rule in Effect for Open Enrollment 2026 (Cont.)

Confirmed as of September 19

In effect as of PY 2026:

- Repeal of "Bronze to Silver crosswalk policy" [Annual Eligibility Redetermination (Automatic Re-enrollment Hierarchy)] (§ 155.335(j))
- Prohibition on Coverage of Specified Sex-Trait Modification Procedures as an EHB (§§ 156.115(d) and 156.400)
- Updates to Premium Adjustment Percentage Index (PAPI) Methodology (§ 156.130(e))

For more information on these provisions, see "2025 Marketplace Integrity and Affordability Final Rule," June 30.

1. Please see "2025 Program Integrity Rule Overview, Part I," August 25, for more information on these provisions.

2. Note, Issuers may continue offering the longstanding option of a premium payment threshold based on a net percent of premium owed.

Removal of 60-Day Extension for Income Data Matching Issues (DMI)

- The automatic 60-day extension for income data matching issues (DMI) will be eliminated.
- The standard 90-day period for consumers to address income inconsistencies remains in effect.
- This change will ensure enrollees verify their incomes on a timely basis within the 90-day window prescribed in statute.
- **This change is effective August 25, 2025. This provision is permanent and does not sunset.**

Failure to File and Reconcile (FTR)

- FTR occurs when consumers who have Marketplace coverage with APTC don't file their annual federal income tax return and reconcile their APTC.
- Typically, prior to Open Enrollment (OE), the Marketplace checks IRS data to determine if tax filers filed their federal income tax returns and reconciled their APTC for the most recent tax year for which data is available.
  - When the Marketplace requests income verification data from the IRS about a tax filer who has not (or whose tax household member has not) filed a federal income tax return or reconciled APTC for that tax year, IRS returns a response to the Marketplace indicating that the tax filer has not filed and/or reconciled their APTC (referred to as having an "FTR status").

Failure to File and Reconcile (FTR) (Cont.)

- Consumers with an FTR status receive Marketplace notices warning them to file their federal income tax return and reconcile past APTC immediately and to attest on their application during OE to having filed and reconciled, if they have, in fact, done so.
- Then, in the new year following OE, the Marketplace performs a recheck of IRS data to verify that those who attested to filing and reconciling on their application during OE actually filed their federal income tax return and reconciled their APTC. This process is called “FTR Recheck.”
- Enrollees who haven't filed and reconciled for two consecutive tax years and who don’t update their applications to attest to filing and reconciling will have their APTC removed effective January 1 of the new plan year.

Regaining APTC After Losing APTC Due to FTR

- Consumers who fail to file federal income tax returns and reconcile APTC for the two most recent consecutive tax years, as verified with IRS data, will lose their APTC for PY 2026. If a consumer is found to have failed to file and reconcile APTC for two consecutive tax years, consumers must file a federal income tax return and reconcile past APTC for the applicable tax years to remain eligible for APTC for the new plan year.
  - If a consumer does not attest to having filed and reconciled during OE, they will lose their APTC beginning Jan. 1, 2026.
  - If a consumer attests during OE, but then during FTR Recheck, IRS data shows that they still have not filed their federal tax return and reconciled their APTC, they will lose their APTC after the Exchange completes the FTR Recheck process in the spring.

Regaining APTC After Losing APTC Due to FTR (Cont.)

- Consumers who remain enrolled in full-cost coverage after losing APTC eligibility can return to their Marketplace application during the plan year and attest to filing and reconciling for the applicable tax year after they have done so.
- The consumer will then become eligible for APTC again (if otherwise eligible) and will be eligible for a Special Enrollment Period (SEP) to make changes to their enrollment and can apply APTC to their plan prospectively. This SEP is only available to current enrollees.
- Consumers who drop coverage because they lost APTC and then file a federal income tax return and reconcile APTC as required for the applicable tax year must qualify for a different type of SEP, such as a move, to re-enroll in coverage with APTC or wait until the next OE. Consumers can find more information on SEP qualifying events at HealthCare.gov: Special Enrollment Periods.

Help Paying for Marketplace Coverage in 2026

2026 Marketplace Coverage Agenda

- Expiration of Enhanced Premium Tax Credits
- Federal Poverty Levels for Plan Year 2026
- Premium Tax Credit Change Consumer Impacts
- Tax Credit Calculation
- Examples and Takeaways

Expiration of Enhanced Premium Tax Credits (Slide 1 of 3)

- In 2021, during the COVID-19 pandemic, Congress passed a law called the American Rescue Plan.
- The law authorized a temporary expansion of income levels that qualify for the premium tax credit for Marketplace coverage.
- The law also increased the amount of the premium tax credit for most enrollees by adjusting the calculation of the tax credit.
- In 2022, the Inflation Reduction Act extended these changes through 2025 coverage.
- For coverage years 2021-2025, these policies lowered the cost of Marketplace coverage for eligible enrollees.

Expiration of Enhanced Premium Tax Credits (Slide 2 of 3)

- Based on current law, the enhanced tax credits expire at the end of 2025.
- The Marketplace uses the information on a consumer's coverage application to estimate the amount of premium tax credit for which the consumer will qualify when they file their taxes.
- The Marketplace pays that amount directly to the insurance company so that the consumer can pay a lower premium. This payment to the issuer is called advanced payments of the premium tax credit (APTC).
- After the plan year ends, when the consumer files their taxes, the IRS calculates the actual premium tax credit amount. If the consumer used more APTC than the IRS-determined tax credit amount, they'll have to pay the excess back.

Expiration of Enhanced Premium Tax Credits (Slide 3 of 3)

- For 2026 coverage, the Marketplace will revert to the rules in place prior to 2021 for calculation of the APTC.
- For 2026 and future years, all consumers must have annual household income from 100 percent to 400 percent of the Federal Poverty Level (FPL) to reduce their Marketplace plan premium using APTC.
- Due to the change in the calculation of tax credits, consumers who are within the income limits, and who are eligible for APTC, are likely to pay more for their Marketplace coverage for 2026 than they would have previously.

Federal Poverty Level for Marketplace Eligibility for 2026 Coverage (For states other than AK and HI)

Household size	100% of FPL	400% of FPL
1 individual	$15,650	$62,600
Family of 2	$21,150	$84,600
Family of 3	$26,650	$106,600
Family of 4	$32,150	$128,600

Additional information at HHS Poverty Guidelines for 2025 for AK and HI amounts, as well as amounts for larger household sizes.

Ending Tax Credit Eligibility for Consumers Above 400 Percent of the Federal Poverty Level

- Consumers with projected annual household incomes above 400 percent of the FPL are no longer eligible for APTC for coverage after December 31, 2025.
- These consumers can still enroll in full-price Marketplace coverage if otherwise eligible and can enroll in a Catastrophic plan, if available in their area.
- Consumers who apply for financial help on their application for 2026 coverage and are determined not eligible can get a hardship exemption which unlocks Catastrophic plans.

Tax Credit Eligibility for Consumers Below 400 Percent of the Federal Poverty Level

- Consumers with income from 100 percent to 400 percent of the FPL can continue to qualify for tax credits if otherwise eligible, but the amount will change.
- Many consumers who currently qualify for $0 premium plans will newly have to pay a premium for 2026 coverage due to the expiration of the enhanced tax credits.

Tax Credit Calculation

Premium Tax Credit = **Benchmark Plan Premium** − **Family Contribution Amount**

The monthly premium amount for the second lowest cost silver plan based on the enrollee age(s) and geographic area

Calculated using the "Applicable Percentage," which is a sliding scale percentage based on income

Applicable Percentages for 2026

- The Marketplace multiplies the household's expected income times the applicable percentage to calculate the family contribution amount. A higher percentage means a lower tax credit amount.
- By comparison, the applicable percentages in recent years were lower, meaning that enrollees had to contribute a lower percentage of their income toward their Marketplace plan premium.

Applicable Percentages for 2026 (Cont.)

In the case of household income (expressed as a percent of FPL) within the following income range:	The initial premium percentage is:	The final premium percentage is:
Up to 133%	2.10%	2.10%
133% up to 150%	3.14%	4.19%
150% up to 200%	4.19%	6.60%
200% up to 250%	6.60%	8.44%
250% up to 300%	8.44%	9.96%
300% up to 400%	9.96%	9.96%

Source: IRS Rev. Proc. 2025-25

Example Tax Credit Calculation #1

2025:

- Allison's projected annual income was $63,252 (420 percent of the FPL).
- The benchmark plan in her area costs $500 per month.
- She qualified for $53 in monthly APTC to reduce her premium.
- She picked a bronze plan that cost $360 and used all her APTC. She paid a net premium of $307 per month.

2026:

- Allison's projected annual income is $63,252 (404 percent of the FPL).
- Her income is over 400 percent of the FPL – she doesn't qualify for the premium tax credit. The Marketplace finds her ineligible for financial help.
- If Allison doesn't actively update her Marketplace application during Open Enrollment, the Marketplace re-enrolls her in the same plan at full price.

Example Tax Credit Calculation #2

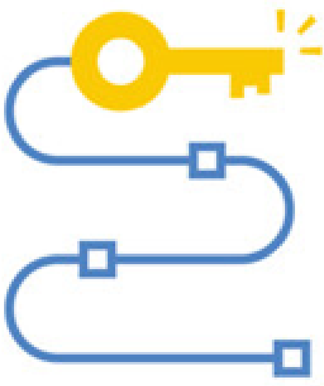
2025:

- Anton's projected annual income was $22,000 (146 percent of the FPL).
- The benchmark plan in his area costs $500 per month.
- He qualified for $500 in monthly tax credits to reduce his premium.
- He picked a Silver plan that cost $485 and used enough APTC to fully cover his premium. He didn’t have to pay a premium.

2026:

- Anton's projected annual income is $22,000 (140.5 percent of the FPL).
- He still qualifies for the premium tax credit. (The Marketplace finds him eligible for APTC and cost-sharing reductions but the amount of APTC changes.)
- If the benchmark plan in his area still costs $500 per month, he now qualifies for $434 in monthly APTC for 2026 instead of $500 in 2025.
- If Anton doesn’t actively update his Marketplace application, the Marketplace will enroll him in the same plan for 2026. If his plan still costs $485 per month, his net premium will be $51 per month ($485-$434=$51).

Consumer Impact Takeaways



- Financial help will still be available in 2026 and beyond for most Marketplace enrollees.
- Some higher income enrollees will no longer qualify for financial help.
- Most Marketplace enrollees will see higher net premium amounts in 2026 compared to 2025.
- Some enrollees who previously had a $0 premium will newly have to pay a premium to stay enrolled because tax credits no longer fully cover their premium in 2026.

Resources

- 2025 Marketplace Integrity and Affordability Proposed Rule (CMS-9884-P)
- 2025 Program Integrity Rule Stakeholder Presentation

Q&A