

Premium Tax Credit – Special Situations (continued)

PTC Eligibility - ICHRA

- Employers may offer an Individual Coverage Health Reimbursement Arrangement (ICHRA) to reimburse their employees for individual market coverage, including premiums for Marketplace health insurance. An ICHRA is considered affordable if the employee's monthly premium for the lowest-cost silver plan offered by the employee's Marketplace, after subtracting the employer's ICHRA contribution, does not exceed the employee's required contribution (household income times the applicable figure below and in the Form 8962 instructions). If the ICHRA is affordable for a month, no PTC is allowed for the month for the Marketplace coverage of those offered the ICHRA. If the ICHRA is unaffordable for a month, a PTC may be allowed for those offered the ICHRA only if the employee opted out of the employer's ICHRA. This is Out of Scope for the VITA/TCE programs.

Overlapping Coverage

There are special rules for taxpayers who wish to claim PTC when they had another offer of coverage. See Publication 974 for additional information.

In general:

- A person who is eligible for PTC and becomes eligible for other coverage after the first day of the month can claim PTC for that month.
- If a person eligible for PTC for whom APTC is being paid informs the Marketplace that he or she is now eligible for other minimum essential coverage and APTC should be discontinued, and the Marketplace does not discontinue APTC by the first day of the following month, the person remains eligible for PTC until the first day of the second month the individual may enroll in other coverage.

Employer-sponsored coverage:

- Except as provided above (a person for whom APTC is being paid informs the Marketplace that he or she is now eligible for other minimum essential coverage and APTC should be discontinued), a person cannot claim PTC for his or her Marketplace coverage for any full month the person was enrolled in employer-sponsored coverage; if APTC was paid for a person's Marketplace coverage for a month the person was enrolled in employer-sponsored coverage, it must be repaid (unless the person informed the Marketplace of the eligibility and the APTC was not discontinued, as noted above) up to the repayment limitation.
- PTC can be claimed for an individual who was eligible for, but not enrolled in, employer-sponsored coverage only if:
 - a. The employer coverage was unaffordable, or
 - b. The taxpayer advised the Marketplace of the employer offer and the Marketplace determined the coverage was unaffordable for the employee (see Exception below), or
 - c. The coverage did not provide a minimum level of benefits, referred to as "minimum value." A taxpayer can check with the employer if he or she suspects coverage did not meet minimum standards.
- Exception: A person who is eligible for employer-sponsored coverage and gave the Marketplace accurate information about the offer of coverage but was still determined eligible for APTC can claim PTC for his or her Marketplace coverage, if otherwise eligible, even if the employer coverage is affordable based on the taxpayer's actual household income.
- See Publication 974 for more information and special rules on employer-sponsored coverage, including coverage waiting periods, health reimbursement arrangements, and coverage after employment ends.

Medicaid/CHIP:

- If the Marketplace determined the taxpayer was eligible for APTC and therefore ineligible for Medicaid or CHIP, and APTC was paid for the taxpayer, the taxpayer will generally remain ineligible for Medicaid or CHIP for the plan year, even if actual household income suggests the person may have been eligible for Medicaid or CHIP. If this is the case, answer Yes to the question in TaxSlayer which asks "Is your household income below 100% of the Federal poverty line, and do you meet all of the requirements under either "Estimated household income at least 100% of the Federal poverty line" or "Alien lawfully present in the United States"?"
- If an individual for whom APTC is being paid is determined to be eligible for government-sponsored coverage retroactively, the individual is not considered eligible for that coverage until the month after the eligibility determination is made. (For example, a person who enrolled at the beginning of the year in Marketplace coverage with APTC, but in July is determined eligible for Medicaid retroactive to April 1, can, if otherwise eligible, claim PTC for January through July, despite concurrent enrollment in Medicaid in April through July.)

Medicare:

- A person eligible for Medicare loses eligibility for PTC for the person's Marketplace coverage even if he or she fails to enroll in Medicare. The loss of eligibility occurs the first day of the fourth full month after the person became eligible for Medicare. For example, a person who is enrolled in Marketplace coverage with APTC, but becomes Medicare-eligible on his 65th birthday on May 17, loses eligibility for PTC on September 1, the first day of the fourth full month after Medicare eligibility.