



Insight

Open Enrollment Year 2: Requirements for Redetermination

MAY 5, 2014

The first open enrollment period had its glitches, but year two has its own requirements – a whole new paperwork process for those currently receiving exchange subsidies.

The Affordable Care Act (ACA) exchanges have wrapped up enrollment for this year, with the administration touting 8 million people covered through the newly minted insurance exchanges. Many of the individuals covered this year in the exchange will once again seek coverage and subsidies for the 2015 plan year. The ACA requires the Secretary of the Social Security Administration to determine enrollees' eligibility for coverage and subsidies on a periodic basis.

The process for renewal as outlined in federal regulation requires a back and forth of information between the currently enrolled individual, and the federal government. This is known as the [redetermination](#) process – wherein individuals that are currently enrolled in an exchange plan (either state or federal) must re-establish their eligibility.

The basic process for 2015 enrollment as detailed in the [regulations](#) is as follows:

1. The exchange will send letters to 2014 enrollees notifying them of their need to enroll in a plan for 2015. This notification will come out between September 1st and September 30th of 2014, and includes the current information regarding the individual's eligibility – whether they are able to purchase an insurance plan, the amount of the subsidy if applicable, and whether Medicaid is an option.
2. Individuals are asked to review the information, and either sign off that it is correct or notify the exchange of any changes, such as a change in income or family size, or an offer of insurance coverage through their employer. The individual must also grant permission for the exchange to review the most up to date tax return (2012 returns were used this year and 2013 returns should be used next year) to verify their eligibility for subsidies. Current enrollees will have 30 days to complete this information and send it back to the exchange.
3. Next, the exchange will review and verify the changes. Since the individual has given the exchange permission to look at their latest tax returns, the exchange will make an updated assessment of exchange coverage and subsidy eligibility.
4. If the form is not returned, then the exchange will base eligibility on the information already obtained by the exchange during last year's enrollment (i.e. 2012 tax information). However, the exchange cannot determine an individual is eligible for a subsidy in the next plan year unless the individual authorizes the exchange to review their most recent tax information.
5. Before the open enrollment period begins, the individual will be notified of their updated coverage options. Regulations do not specify the time frame for final notification, and instead simply requires "timely written notice".

This is the first year of implementation for the redetermination process. Assuming that the exchanges wind up

with 8 million paying customers, those 8 million people will be subject to the process above if they are planning on maintaining coverage through the exchange. Due to changes in income, family size or other life events listed by the exchange, an individual's coverage options may change. It is likely that some individuals will see a decrease in their subsidy amount while others will see an increase or may become eligible for Medicaid coverage.

While some sort of subsidy redetermination process is certainly necessary to protect taxpayer funds from going to the ineligible; we can use the past implementation of the ACA as a guide and predict that next fall will bring mass confusion for consumers, and some sort of delay or fix to protect the administration from the political fallout of enrollees losing subsidies.