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## **DEPARTMENT OF HEALTH AND HUMAN SERVICES**

### **Health Resources and Services Administration**

Clarifications Regarding the Ryan White HIV/AIDS Program and Reconciliation of Advanced Premium Tax Credits under the Affordable Care Act; Request for Comment

AGENCY: Health Resources and Services Administration (HRSA), Department of Health and Human Services (HHS).

ACTION: Request for Public Comment on Reconciliation of Advanced Premium Tax Credits (APTC or premium tax credit) under the Affordable Care Act and the Ryan White HIV/AIDS Program (RWHAP).

SUMMARY: HRSA's HIV/AIDS Bureau (HAB) recently released HAB Policy Clarification Notice 14-01, which requires RWHAP grantees and subgrantees that use program funds to purchase health insurance in the Marketplace to establish appropriate mechanisms to vigorously pursue any excess premium tax credit a client receives from the Internal Revenue Service (IRS) upon submission of the client's tax return. HRSA now seeks public comment on the operational feasibility for RWHAP grantees and subgrantees to implement a complementary policy that would allow RWHAP grantees and subgrantees to use RWHAP funds to pay the IRS any additional income tax liability a client may owe to the IRS solely based on reconciliation of the

premium tax credit. In addition to general comments about the feasibility of implementing such a policy, HRSA would like feedback on the following issues related to this policy:

- Could this proposed policy be easily implemented by a grantee?
- What challenges would grantees and subgrantees face in implementing this proposed policy?
- Will grantees be able to conduct fiscal monitoring of this proposed policy? If so, what level of effort would be required?

**DATES:** Submit comments no later than **[INSERT DATE 30 DAYS AFTER PUBLICATION DATE]**.

**ADDRESSES:** Comments should be submitted to [RyanWhiteComments@hrsa.gov](mailto:RyanWhiteComments@hrsa.gov) by **[INSERT DATE 30 DAYS AFTER PUBLICATION DATE]**.

**FOR FURTHER INFORMATION CONTACT:** Theresa Jumento using the email above or by telephone at (301) 443-5807.

**SUPPLEMENTARY INFORMATION:** Many RWHAP clients with incomes between 100-400 percent of the federal poverty level (FPL) who do not have minimum essential coverage may be eligible for an APTC to offset the cost of purchasing a qualified health plan through the Marketplace. The amount of the premium tax credit is based on the individual's income, family size, and the cost of the second-lowest cost silver plan available to them in the Marketplace. If an individual qualifies for a premium tax credit, the individual may choose to have some or all of

the estimated premium tax credit paid in advance directly to the insurance company to lower the individual's monthly premium or can wait to get all of the premium tax credit when the individual files a tax return at the end of the year.

Taxpayers will reconcile the APTC when they file their tax returns. Individuals will subtract the total of any APTC they receive during the year from the amount of the premium tax credit calculated on their tax return (i.e., "actual premium tax credit"). If an individual received APTC that exceeds the actual premium tax credit for which the individual is eligible, the individual will owe that amount back to the IRS.

It is important for RWHAP grantees and subgrantees to convey to clients the importance of reporting accurate income information on their Marketplace application and reporting to the Marketplace any income changes as these changes occur throughout the year. Other changes in circumstances that can affect the amount of an individual's premium tax credit, that should be reported as they occur, include: marriage, divorce, birth or adoption of a child, other changes to household composition, and gaining or losing eligibility for government-sponsored or employer-sponsored health care coverage. Notifying the Marketplace about changes in circumstances will decrease the likelihood of a significant difference between the APTC payments and the actual premium tax credit. For example, if an individual winds up making more money than estimated on the Marketplace application, the individual could have to pay back some or all of the premium tax credit on their next tax return.

It is possible that, despite RWHAP grantees' and subgrantees' best efforts to encourage clients to report changes in circumstances to the Marketplace during the year, a RWHAP client's actual premium tax credit is less than the APTC resulting in the client owing the difference to the IRS. HRSA is considering allowing RWHAP grantees and subgrantees to use RWHAP funds to pay the IRS any additional income tax liability a client may owe to the IRS solely based on reconciliation of the premium tax credit.

Should such a policy be implemented, grantees and subgrantees would be responsible for establishing and maintaining policies and procedures for coordinating such payments to the IRS since RWHAP grantees and subgrantees are prohibited from making any direct payments to clients. HRSA seeks comment from the public regarding this proposed policy, particularly on whether this policy could be easily implemented by the grantees and subgrantees and what challenges grantees and subgrantees might face in implementing such a policy.

Dated: July 3, 2014.

Mary K. Wakefield,  
Administrator.

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