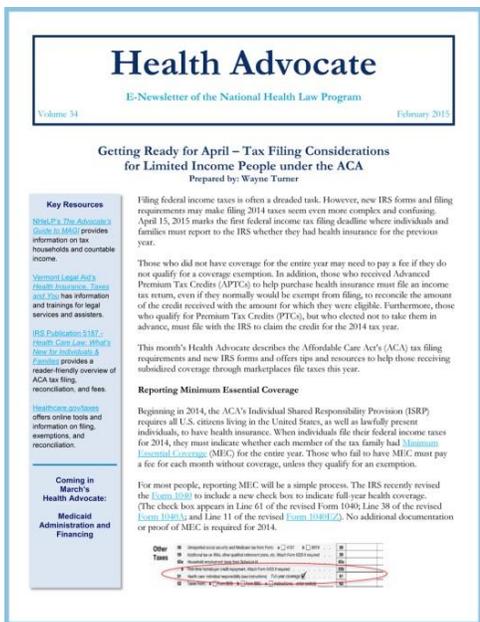




**Affordable Care Act (ACA):**

**What Families Need to Know about the ACA during Tax Season**

This is the first year that “all taxpayers need to report on their health insurance coverage, and some need to complete new tax forms or worksheets to claim an exemption from the coverage requirement, or calculate the penalty for not having coverage. Additionally, those who received advance payments of the premium tax credit to purchase insurance in a Health Insurance Marketplace will need to reconcile the payments they received with their final premium tax credit, which is calculated on the tax return.”<sup>i</sup>



**What do families need to know?**

In a recent press release from Health & Human Services just prior to the enrollment deadline, it was noted that “almost 6.5 million consumers qualify for an average tax credit of \$268 per month through the Health Insurance Marketplace. The Feb. 15 deadline is just six days away; 8 in 10 consumers can get coverage for \$100 or less.”<sup>ii</sup> According to the National Health Law Program (NHELP), “Those who did not have coverage for the entire year may need to pay a fee if they do not qualify for a coverage exemption. In addition, those who received Advanced Premium Tax Credits (APTCS) to help purchase health insurance must file an income tax return, even if they normally would be exempt from filing, to reconcile the amount of the credit received with the amount for which they were eligible. Furthermore, those who qualify for Premium Tax Credits (PTCs), but who elected not to take them in advance, must file with the IRS to claim the credit for the 2014 tax year.”<sup>iii</sup> NHELP has prepared a guide, “Health Advocate: Getting Ready for April – Tax Filing Considerations.”

**Special considerations from the NHELP guide:**

- ❖ If a dependent files federal income taxes, the person(s) claiming that individual as a dependent must report MEC [Minimum Essential Coverage] for the entire tax household.
- ❖ Non-expansion states: Low income residents of states that have not yet implemented the ACA’s Medicaid expansion to all adults up to 138 percent of the Federal Poverty Level (FPL) qualify for a special exemption from MEC and are not subject to the ISRP [Individual Shared Responsibility Payment] (penalty for not having insurance).
- ❖ Assistance for Low Income Taxpayers is available.

- Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) programs assist low-income persons with tax preparation. <http://www.irs.gov/Individuals/Free-Tax-Return-Preparation-for-You-by-Volunteers>
- Low-Income Taxpayer Clinics (LITCs) represent low-income individuals in disputes with the Internal Revenue Service, including audits, appeals, collection matters and federal tax litigation. <http://www.irs.gov/Advocate/Low-Income-Taxpayer-Clinics>

## Key Highlights from a report of the APSE (Assistant Secretary for Planning and Evaluation) & What Those Mean for Families<sup>iv</sup>

The ASPE report has data on how the Advance Premium Tax Credit (APTC) has helped families. Key highlights include that, in the 37 States using the HealthCare.gov website . . .

- More than 8 in 10 individuals with a plan selection for 2015 Marketplace plans qualify for an advance premium tax credit.
- Advance premium tax credits will reduce premium costs by over \$1 billion a month.
- Almost 6.5 million individuals qualify for an average advance premium tax credit of \$268 per month.
- The average advance premium tax credit covers about 72 percent of the gross premium.
- The average net premium is \$105 per month among individuals with plan selections qualifying for an advance premium tax credit.
- Nearly 8 in 10 individuals had the option of selecting a plan with a premium of \$100 or less after applying the advance premium tax credit.”



These numbers show that most families received a tax credit which covered a majority of the premium. Individuals who were uninsured must pay the Individual Shared Responsibility Payment unless they qualify for an exemption. There are a number of exemptions including those for insurance gaps, incarceration, religious beliefs, and lack of affordable coverage. (See Resources.)

### What do families need to do?

- Provide additional information on the 2014 income tax return
- Complete new tax forms
- Use 1 or 2 tax tools to find 2014 Bronze/Silver premiums to complete tax return
- Get an exemption or pay a fee

There is information on Healthcare.gov on tax tools, forms etc. (See Resources.) Families with Marketplace Coverage need to use Form 1095A-Health Insurance Marketplace Statement with the tax return. Families with other coverage (through an employer, Medicaid, Medicare) just need to use the checkbox on the tax return, no other forms are needed.

In summary, another HHS communication noted, “Last year, millions of Americans received quality, affordable health coverage through the Marketplace, and the vast majority received advance payments of the premium tax credit that lowered their monthly premiums. This week the federally-facilitated Marketplace began to generate and mail 1095A

Forms for consumers who received QHP coverage in 2014. All 1095A Forms will be postmarked by February 2, 2015. Consumers will use Form 1095A to obtain information needed to complete their Form 8962 (Premium Tax Credit (PTC)). Consumers must complete Form 8962 and file it with their return if they want to claim the premium tax credit or they received premium assistance through advance payments of the premium tax credit.”

**NOTE:** Unfortunately, there was a glitch with some of the 1095A forms; they provided erroneous information on the benchmark for the premium subsidy. People can find out if their form was incorrect via their HealthCare.gov account. Corrected forms are being mailed out and should be available by early March. The Department of Health and Human Services (HHS) is urging people to wait to file their tax returns until they receive a corrected form. Information will be forthcoming for people who already filed their taxes with the incorrect information. For details about this problem see <https://www.healthcare.gov/blog/is-your-form-1095a-correct/> and <http://blog.cms.gov/2015/02/20/what-consumers-need-to-know-about-corrected-form-1095-as/>.

### Special Enrollment Period

When doing their 2014 income taxes, some people may be surprised to learn that they must pay a penalty (Individual Shared Responsibility Payment) for every family member who did not have insurance. In 2015 the penalty for not having insurance will be greater – the higher of \$325 per adult plus \$162.50 per child under 18 or 2% of income. To help people avoid these fees, HHS has established a special enrollment period this year for people who live in states using HealthCare.gov, had to pay a penalty in 2014, and who attest that they first became aware of, or understood the implications of, the Shared Responsibility Payment after the end of open enrollment (February 15, 2015) in connection with preparing their 2014 taxes. The special enrollment period begins on March 15 and ends on April 30. Consumers seeking to take advantage of the special enrollment period can find out if they are eligible by visiting

<https://www.healthcare.gov/get-coverage>. Consumers can find local help at: Localhelp.healthcare.gov or call the Federally-facilitated Marketplace Call Center at 1-800-318-2596. TTY users should call 1-855-889-4325. Assistance is available in 150 languages. The call is free.

This tip sheet is based on an ACA blog authored by Lauren Agoratus, M.A. Lauren is the parent of a child with multiple disabilities *who serves as the Coordinator for Family Voices-NJ* and as the southern coordinator in her the New Jersey Family-to-Family Health Information Center, both housed at the Statewide Parent Advocacy Network (SPAN) at [www.spanadvocacy.org](http://www.spanadvocacy.org). More of Lauren’s tips about the ACA can be found on the website of the Family Voices National Center for Family/Professional Partnerships: <http://www.fv-ncfpp.org/>.

<sup>i</sup> <http://www.healthreformbeyondthebasics.org/tax-preparer-guide-to-the-affordable-care-act/>

<sup>ii</sup> <http://www.hhs.gov/news/press/2015pres/02/20150209a.html>

<sup>iii</sup> <http://www.healthlaw.org/publications/health-advocate-february-2015#.VOZY9KF0zrc>

<sup>iv</sup> [http://aspe.hhs.gov/health/reports/2015/MarketPlaceEnrollment/APTC/ib\\_APTC.pdf](http://aspe.hhs.gov/health/reports/2015/MarketPlaceEnrollment/APTC/ib_APTC.pdf)

### RESOURCES

Healthcare.gov & tax information (including forms):

<https://www.healthcare.gov/taxes/>

The penalty for not having insurance:

<https://www.healthcare.gov/fees-exemptions/fee-for-not-being-covered>

Exemptions from penalty for lack of insurance:

<https://www.healthcare.gov/fees-exemptions/apply-for-exemption/>

Tool to identify exemptions:

<https://www.healthcare.gov/exemptions-tool/>

Taxpayer’s Guide to the Affordable Care Act:

<http://www.healthreformbeyondthebasics.org/tax-preparer-guide-to-the-affordable-care-act/>

NHeLP guide to the ACA and taxes:

<http://www.healthlaw.org/publications/health-advocate-february-2015#.VOZY9KF0zrc>