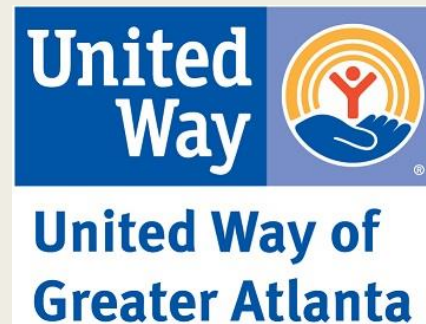


# THE AFFORDABLE CARE ACT & TAXES

A resource for VITA & AARP tax preparers in Georgia



# Empowering Navigators and Tax Preparers to Serve Consumers in GA

## Atlanta Debrief



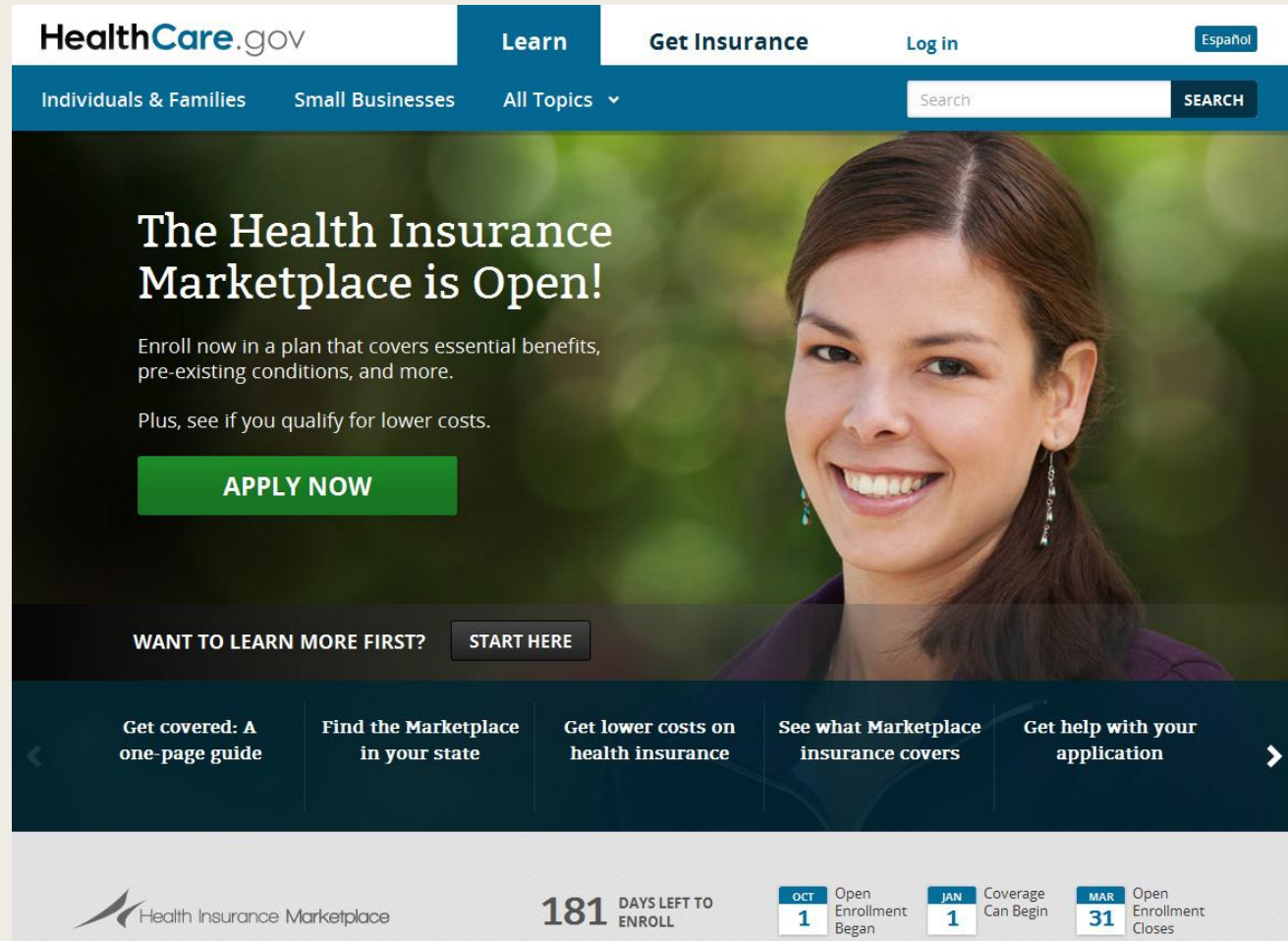
## Savannah Debrief



# Goals for Today

- 1) Understand the advanced premium tax credit, its purpose and how it impacts consumers.
- 2) Be prepared for common issues encountered during the first post-enrollment tax season.
- 3) Understand the available resources and programs available to consumers to help with ACA tax penalties and complex issues (and where you can find the answer when you don't know).
- 4) Know what a navigator does and how to refer clients to them.

# Marketplace Basics:



HealthCare.gov

Learn Get Insurance Log in Español

Individuals & Families Small Businesses All Topics

Search SEARCH

## The Health Insurance Marketplace is Open!

Enroll now in a plan that covers essential benefits, pre-existing conditions, and more.

Plus, see if you qualify for lower costs.

**APPLY NOW**

WANT TO LEARN MORE FIRST? **START HERE**

Get covered: A one-page guide Find the Marketplace in your state Get lower costs on health insurance See what Marketplace insurance covers Get help with your application

Health Insurance Marketplace

181 DAYS LEFT TO ENROLL

OCT 1 Open Enrollment Began

JAN 1 Coverage Can Begin

MAR 31 Open Enrollment Closes

- Georgia has a **Federally-Facilitated Marketplace**
- Can enroll online, by phone or by mail
- **Contact Marketplace:**  
1-800-318-2596 /  
TTY: 1-855-889-4325 or  
[www.healthcare.gov](http://www.healthcare.gov)

# Marketplace Basics: Who Qualifies?

2015-16 Federal Poverty Levels by Household Size & Annual Income

#	100% FPL	250% FPL	400% FPL
1	\$11,770	\$29,425	\$47,080
2	\$15,930	\$39,825	\$63,720
3	\$20,090	\$50,225	\$80,360
4	\$24,250	\$60,625	\$97,000
5	\$28,410	\$71,025	\$113,640
6	\$32,570	\$81,425	\$130,280
7	\$36,730	\$91,825	\$146,920
8	\$40,890	\$102,225	\$163,560

- *Income between 100-400% of the FPL were eligible to receive an Advanced Premium Tax Credit (APTC)*
- *Income between 100-250% FPL qualified for cost-sharing reductions (less costly; higher value plans)*

# Calculating Tax Credits

Premium Credits by Income Under Health Reform <sup>1</sup>			
Income		Expected Premium Contribution Remaining After Premium Credit	
Percentage of poverty line	Annual dollar amount (2013 \$)	Premium contribution as percentage of income	Monthly premium contribution
<b>Family of four</b>			
100 - 133%	\$23,550 - \$31,322	2%	\$39 - \$52
133 - 150%	\$31,322 - \$35,325	3 - 4%	\$78 - \$118
150 - 200%	\$35,325 - \$47,100	4 - 6.3%	\$118 - \$247
200 - 250%	\$47,100 - \$58,875	6.3 - 8.1%	\$247 - \$395
250 - 300%	\$58,875 - \$70,650	8.1 - 9.5%	\$395 - \$559
300 - 350%	\$70,650 - \$82,425	9.5%	\$559 - \$652
350 - 400%	\$82,425 - \$94,200	9.5%	\$652 - \$745
<b>Individual</b>			
100 - 133%	\$11,490 - \$15,282	2%	\$19 - \$25
133 - 150%	\$15,282 - \$17,235	3 - 4%	\$38 - \$57
150 - 200%	\$17,235 - \$22,980	4 - 6.3%	\$57 - \$121
200 - 250%	\$22,980 - \$28,725	6.3 - 8.1%	\$121 - \$193
250 - 300%	\$28,725 - \$34,470	8.1 - 9.5%	\$193 - \$272
300 - 350%	\$34,470 - \$40,215	9.5%	\$272 - \$318
350 - 400%	\$40,215 - \$45,960	9.5%	\$318 - \$364

# What do we know about advance premium tax credits?

## Consumers

- It's my 'Obamacare' money.
- It makes my insurance less expensive.
- I never actually get this money, it goes to the insurance company on my behalf.
- The amount changes from year to year, but I'm not always sure why.
- I have no idea how it is calculated.

## Preparers

- If you have these tax credits, you have to file taxes.
- You should have a 1095-A form showing how much you received in tax credits.
- If you had more than one plan, you will have more than one 1095-A form.

# What is a Healthcare Navigator?

An individual that's trained and able to help consumers, small businesses, and their employees as they look for health coverage options through the Marketplace, including completing eligibility and enrollment forms.

These individuals and organizations are required to be unbiased.

**In GA:** Navigators must obtain **35 hours** of pre-licensing education and successfully **complete an exam** and undergo a **criminal background check** as part of the licensure process.

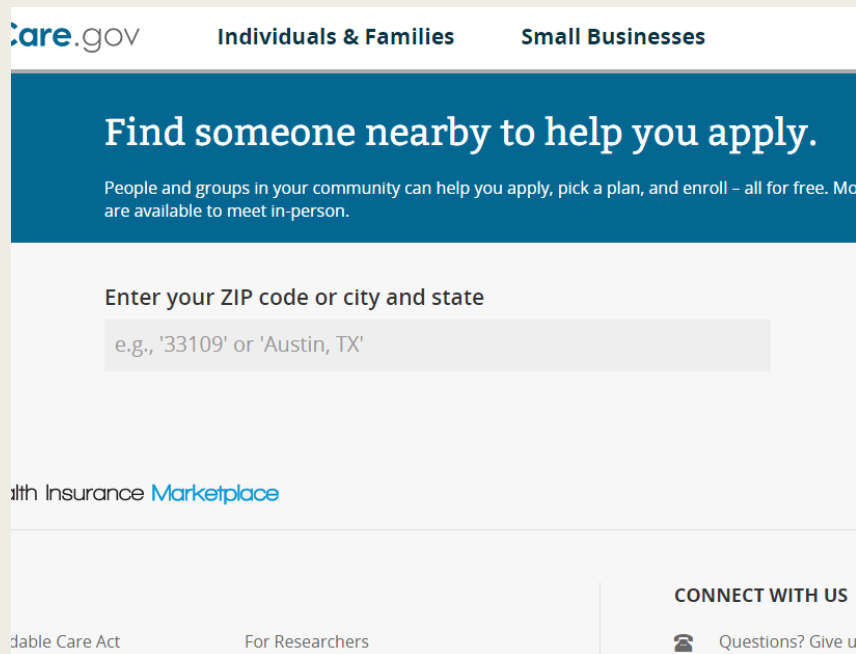


# Scope of Practice: Navigators & Certified Application Counselors (CACs)

- Will pre-screen for eligibility for plans on the Marketplace ([www.healthcare.gov](http://www.healthcare.gov))
- Will guide any applicant through the application and help them understand their eligibility results.
- Will help consumers sort through and examine all available plans and understand their benefits.
- Will refer to other resources if consumer is not eligible for healthcare.gov plans.
- Will help consumers get assistance when having issues with their insurance coverage/payment/etc.
- Will help consumers during special enrollment periods.
- Can help consumers access their healthcare.gov accounts to get important tax documents during filing season.
- Can help consumers understand their advance premium tax credit amount and how it was applied.

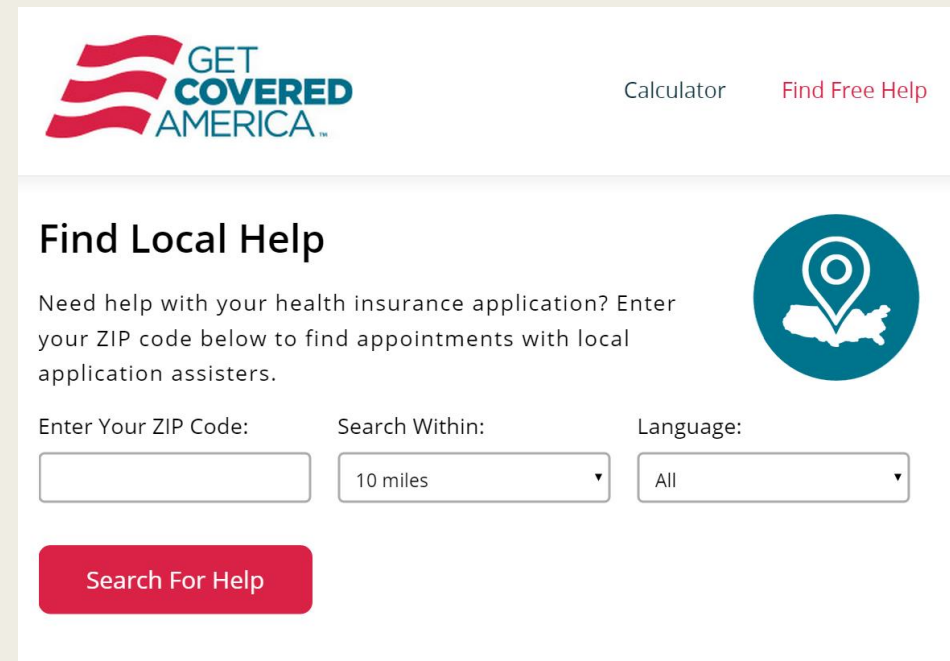
# Where do I refer tax payers who need assistance from a navigator or CAC?

<https://localhelp.healthcare.gov/>



The screenshot shows the homepage of localhelp.healthcare.gov. At the top, there are navigation links for "Individuals & Families" and "Small Businesses". A prominent blue banner reads "Find someone nearby to help you apply." Below this, a text box prompts users to "Enter your ZIP code or city and state" with an example: "e.g., '33109' or 'Austin, TX'". The page also features a "CONNECT WITH US" section at the bottom right.

<https://www.getcoveredamerica.org/connector/>



The screenshot shows the "Find Local Help" page on www.getcoveredamerica.org. It features the "GET COVERED AMERICA" logo and navigation links for "Calculator" and "Find Free Help". The main heading is "Find Local Help", followed by the text: "Need help with your health insurance application? Enter your ZIP code below to find appointments with local application assisters." Below this, there are three input fields: "Enter Your ZIP Code:", "Search Within:" (set to "10 miles"), and "Language:" (set to "All"). A red "Search For Help" button is positioned at the bottom.

# How do I verify if they are certified?

Visit the Department of  
Insurance Website for  
Georgia:

<http://www.oci.ga.gov/Navigators/home.aspx>

Or call 1-800-656-2298

Heather Allen	Brittany Dee	Nora Herrera	Shannon Lester
Tamra Allen	Karen Dennis	Amber Higgins	Kristy Lacson
Nicolas Anderson	Tasheka Dennis	Stacy Howe	Monica Ledford
Katherine Anglero	Alecia Distin	Leonardo Hoyos	Candace Lee
Jade Arbour	Sheila Dove	Kevin Humphries	Heesook Lee
Smitha Ahamed	Rozella Early	Tammy Harrington	Teresita Lomeli D
Janice Allen	Angela Edwards	Allison Harris	Konesha Martin
Crisarist Almanzar	Lisa Figgins	Dedee Harris	Tia Mccullough
Kendon Austin	Akia Frazier	Erin Hernandez	Charity Mcdaniel
Diana Avila Jimenez	Tiffany Fuller	Clarence Hill	Cecile Mcknight
Karen Bailey	Shanna Farley	Tarccara Hodge	Sandra Mitchell
Thomas Baker	Shana Fennell	Tenetta Holt	Daphne Moreno
Amalia Benvenuti	Remeka Ferguson	Roger Humphrey	Jacqueline Moss
Sarah Brechin	Yaritza Figueroa	Elizabeth Interiano	Katherine Malone
Sheri Brown	Hilton Fordham	Laura Izaguirre	John Mccrae
Amy Buffington	Angela Franklin	Brandi Jacobs	Likesar Mccray
Bianca Barker	Laura Garcia	Juliana Jaramillo Bedoya	Wintony Mccullou
Cindy Baugh	Noemi Gaytan Navarro	Karen Jefferson	Seanell Minor
Hernan Broce	Nadia Gomez	Tyra Johnson	Diana Montenegro
Michael Bryant	Sarah Grant	Amir Jones	Ann Moon
April Bush	Whitney Griggs	Alicia Josshua	Vivian Moore
Terry Butler	Roberto Gutierrez	Tarri Johnson	Jose Negron
Stephanie Cade	Jade Gibson	Betty Jones	Neshona Newton
Melissa Camp	Ruth Gillikin	Sencarda Jordan	Thao Nguyen
Judeline Cano	Sue Gonzalez	Vicki Karnes	Ralph O'Connor
Tiffany Chen	Nicholas Goodwin	Latonya Kees	Gloria Ortega
Monique Cobb	Michael Green	Julie Kibler	Heather Owens
Gay Corona	Hannah Ha	Heejin Ko	Josett Oden
Lois Craig	Samone Hagins	Quiana Kerr	Ebele Christy Ony
Constance Carter	Ted Hall	Regina King	Alicia Palmer
Mariah Carter	Morgan Hankerson	Natasha Lambert	Janice Pardue
Sheila Carter	Alicia Hardy	Laura Landon	Han Sol Park
Gloria Chamlee	Cozell Harris	Jennifer Largent	Sarah Pedraza
Carmen Chavez	Melissa Hawes	Denise Law	Milagros Perez W
Uiedi Conklin	Tonya Hawkins	Cuzanne Loeffelman	Branda Pace

# What happened during OE1/OE2 in Georgia?

Enrollment OE1: 316, 543

Enrollment OE2: 541,080

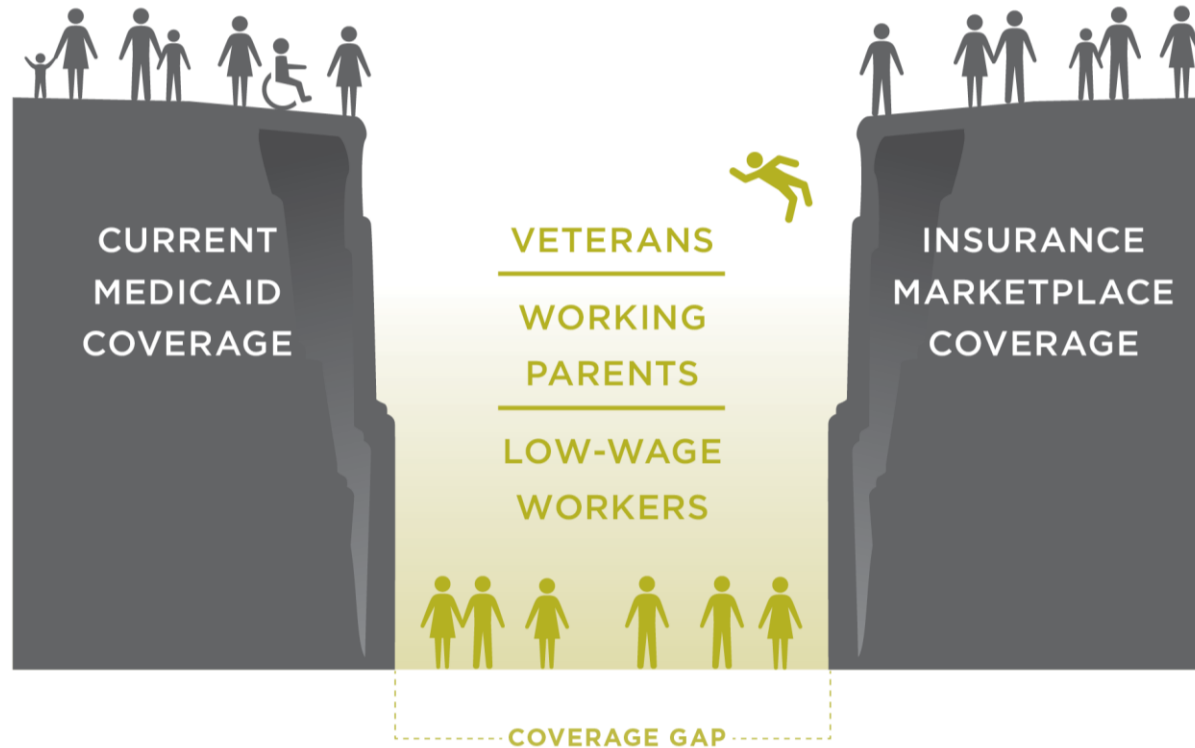
## During Open Enrollment 2 (2014-2015)

- ▶ Nearly 9 in 10 Georgians qualified for an advanced premium tax credit
- ▶ 45% re-enrolled from the previous year
- ▶ 55% were new enrollees to the Marketplace
- ▶ Effectuated enrollment for OE2: 83.7% (452,815)

# Challenges Affecting Consumers During Tax Season

- Their tax credit changed due to income change, and they **could not verify** for certain if **their 1095-A** looked right or not.
- Consumers **did not always bring their 1095-A's** with them.
- Their **income changed during the year, and they didn't report it** to HHS, meaning when they get to you, they owe excess or they are owed additional tax credit, depending on their final income level.
- **Tax preparers did not always look for exemptions** for consumers to avoid penalties for lack of coverage, even when many consumers qualified for hardship or other exemptions.
- Even though everyone who gets an APTC is supposed to file, **710,000 Americans across the US who received APTC's did not file!**

# Georgia's Health Insurance Coverage Gap



300,000  
uninsured Georgians

are now in the coverage gap, where they are ineligible to enroll in Medicaid and do not earn enough to get tax credits on [healthcare.gov](https://healthcare.gov).

- 300,000 Georgians fall into this category.
- Many of these individuals and families still file taxes, even if they are below the threshold to gain access to the EITC.
- Consumers can move in and out of the gap at different times.
  - *Meaning a consumer could qualify for [healthcare.gov](https://healthcare.gov) in one month, and not in the next.*

# So When is Open Enrollment?



# 1095 A, B, C's

- **1095-A:** I had a plan from the healthcare marketplace ([www.healthcare.gov](http://www.healthcare.gov)) for one or more months during the year.
- **1095-B:** I purchased my own plan in the private marketplace for one or more months during the year.
- **1095-C:** I had employer-based coverage for one or more months during the year.

# 1095-A

- I had a plan from the healthcare marketplace ([www.healthcare.gov](http://www.healthcare.gov)) for one or more months during the year.
- This form shows what I received in advance premium tax credits.

Form <b>1095-A</b>		<b>Health Insurance Marketplace Statement</b>			OMB No. 1545-2232
Department of the Treasury Internal Revenue Service		▶ Information about Form 1095-A and its separate instructions is at <a href="http://www.irs.gov/form1095a">www.irs.gov/form1095a</a> .			<input type="checkbox"/> CORRECTED
<b>Part I Recipient Information</b>					
1 Marketplace identifier		2 Marketplace-assigned policy number		3 Policy issuer's name	
4 Recipient's name			5 Recipient's SSN	6 Recipient's date of birth	
7 Recipient's spouse's name			8 Recipient's spouse's SSN	9 Recipient's spouse's date of birth	
10 Policy start date		11 Policy termination date		12 Street address (including apartment no.)	
13 City or town		14 State or province		15 Country and ZIP or foreign postal code	
<b>Part II Coverage Household</b>					
A. Covered Individual Name	B. Covered Individual SSN	C. Covered Individual Date of Birth	D. Covered Individual Start Date	E. Covered Individual Termination Date	
16					
17					
18					
19					
20					

# 1095-A

**First:** Look at the # of months they had coverage

Consumers will likely be unfamiliar with these figures:

$\$718.61 - \$647 = \$71.61$ ; consumers likely know this number because they pay it monthly for insurance.

## Part III Household Information

Month	A. Monthly Premium Amount	B. Monthly Premium Amount of Second Lowest Cost Silver Plan (SLCSP)	C. Monthly Advance Payment of Premium Tax Credit
21 January	\$0	\$0	\$0
22 February	\$0	\$0	\$0
23 March	\$0	\$0	\$0
24 April	\$0	\$0	\$0
25 May	\$0	\$0	\$0
26 June	\$718.61	\$718.61	\$647
27 July	\$718.61	\$718.61	\$647
28 August	\$718.61	\$718.61	\$647
29 September	\$718.61	\$718.61	\$647
30 October	\$718.61	\$718.61	\$647
31 November	\$718.61	\$718.61	\$647
32 December	\$718.61	\$718.61	\$647
33 Annual Totals	\$718.61	\$718.61	\$647

# 1095-B

- I got coverage on my own by purchasing a private plan outside of [www.healthcare.gov](http://www.healthcare.gov) and outside of my empower, during one or more months of the year.

560115  
OMB No. 1545-2252  
**2015**

**Form 1095-B Health Coverage**

Department of the Treasury Internal Revenue Service

Information about Form 1095-B and its separate instructions is at [www.irs.gov/form1095b](http://www.irs.gov/form1095b).

VOID  
 CORRECTED

**Part I Responsible Individual**

1 Name of responsible individual 2 Social security number (SSN) 3 Date of birth (if SSN is not available)

4 Street address (including apartment no.) 5 City or town 6 State or province 7 Country and ZIP or foreign postal code

8 Enter letter identifying Origin of the Policy (see instructions for codes): . . . . .  9 Small Business Health Options Program (SHOP) Marketplace Identifier, if applicable

**Part II Employer Sponsored Coverage (see instructions)**

10 Employer name 11 Employer identification number (EIN)

12 Street address (including room or suite no.) 13 City or town 14 State or province 15 Country and ZIP or foreign postal code

**Part III Issuer or Other Coverage Provider (see instructions)**

16 Name 17 Employer identification number (EIN) 18 Contact telephone number

19 Street address (including room or suite no.) 20 City or town 21 State or province 22 Country and ZIP or foreign postal code

**Part IV Covered Individuals (Enter the information for each covered individual(s).)**

	(a) Name of covered individual(s)	(b) SSN	(c) DOB (if SSN is not available)	(d) Covered all 12 months	(e) Months of coverage											
					Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
23				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
24				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
25				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
26				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
27				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
28				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 60704B Form 1095-B (2015)

# 1095-C

- I had employer-based coverage for one or more months during the year.

Form **1095-C** **Employer-Provided Health Insurance Offer and Coverage**  VOID  CORRECTED **2015**  
 Department of the Treasury Internal Revenue Service **OMB No. 1545-2251**  
 Information about Form 1095-C and its separate instructions is at [www.irs.gov/form1095c](http://www.irs.gov/form1095c)

**Part I Employee** **Applicable Large Employer Member (Employer)**

1 Name of employee 2 Social security number (SSN) 7 Name of employer 8 Employer identification number (EIN)  
 3 Street address (including apartment no.) 9 Street address (including room or suite no.) 10 Contact telephone number  
 4 City or town 5 State or province 6 Country and ZIP or foreign postal code 11 City or town 12 State or province 13 Country and ZIP or foreign postal code

**Part II Employee Offer and Coverage** **Plan Start Month (Enter 2-digit number):**

	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14 Offer of Coverage (enter required code)													
15 Employee Share of Lowest Cost Monthly Premium, for Self-Only Minimum Value Coverage	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
16 Applicable Section 4980H Safe Harbor (enter code, if applicable)													

**Part III Covered Individuals** If Employer provided self-insured coverage, check the box and enter the information for each covered individual.

(a) Name of covered individual(s)	(b) SSN	(c) DOB (if SSN is not available)	(d) Covered all 12 months	(e) Months of Coverage												
				Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	
17			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 60705M Form 1095-C (2015)

# Using the TaxWise ACA Worksheet

## TaxWise ACA Worksheet

### TaxWise Tip

**ACA Worksheet** must be completed unless the return is being filed by a dependent.

### TaxWise ACA Worksheet

	Full	None	Mkt	Exm	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
JOHN SMITH Under age 18 at beginning of month	<input checked="" type="radio"/>	<input type="radio"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
JANE SMITH Under age 18 at beginning of month	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
KATIE SMITH Under age 18 at beginning of month	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Check to indicate if the individual had coverage all year.

Check to indicate if the individual had no coverage **AND** no exemption for all 12 months.

- Do not select "None" for a person who was born or died during the year. The coverage requirement applies only to FULL months alive.
- The coverage requirement for an adopted child applies only to the FULL months after the adoption occurs.
- Do not select "None" if a person had either coverage or an exemption for any month.

Check to indicate if the individual had coverage through the Marketplace for at least one month. **Also complete Form 8962 using Form 1095-A.**

Check to indicate if the individual qualifies for an exemption for at least one month. **Also complete Form 8965.**

**Caution!** Check only the months when the person had no coverage **AND** no exemption. These are the shared responsibility payment months.

TaxWise will check these boxes (based on date of birth) to indicate people under age 18, which affects the shared responsibility payment computation.

**Caution!** This page contains the 2014 TaxWise ACA Worksheet which is being revised. An updated page will be included in Publication 4491X if needed.



# EXEMPTIONS & PENALTIES



# Finding the Exemption Certificate Number (ECN):

## Sample Exemption Certificate Letter from the Marketplace

You recently submitted an application to the Health Insurance Marketplace for an exemption from the "shared responsibility payment" that some individuals may owe if they aren't enrolled in health coverage starting in 2014.

**What are the results of my application?**

Review the table below for your results.

Family Member(s)	Exemption Type	Eligibility Results	Timeframe for Exemption	Next Steps
[REDACTED]	Exemption for members of a recognized religious sect	<ul style="list-style-type: none"><li>Qualify for an exemption</li><li>Your exemption certificate number (ECN) is: <b>L##LL#</b></li></ul>	Effective beginning Jan of 2014	<ul style="list-style-type: none"><li>Save this notice and note your exemption certificate number (ECN). You will need to provide this on your federal income tax return.</li></ul>

# Is my client eligible for an exemption?

- You experience a hardship
- You're uninsured for less than 3 months of the year
- The lowest-priced coverage available to you would cost more than 8% of your household income
- You fall in the GAP (income <FPL and >medicaid)
- You don't have to file a tax return because your income is too low
- You're a member of a federally recognized tribe
- You're a member of a recognized health care sharing ministry
- You're a member of a recognized religious sect with religious objections to insurance
- You're incarcerated
- You're not lawfully present in the U.S.

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

# List of Hardship Exemptions:

- You were homeless within past 3 years (no documents needed)
- You were evicted or were facing eviction or foreclosure in the past 6 months (must have notice)
- You received a shut-off notice from a utility company (must provide notice for months affected)
- You recently experienced domestic violence (no documents needed)
- You recently experienced the death of a close family member (documentation required)
- You experienced a fire, flood, or other natural or human-caused disaster that caused substantial damage to your property (documentation required)
- You filed for bankruptcy in the last 6 months
  - Must have filed for bankruptcy after June 30, 2014
  - Must be within 6 months of filing for exemption
- You had medical expenses you couldn't pay in the last 24 months that resulted in substantial debt

Unless noted, all hardships must have occurred between January 1, 2013 and December 31, 2015

# List of Hardship Exemptions (Cont'd):

- You experienced unexpected increases in necessary expenses due to caring for an ill, disabled, or aging family member (documents required)
- As a result of an eligibility appeals decision, you're eligible for enrollment in a qualified health plan (QHP) through the Marketplace, lower costs on your monthly premiums, or cost-sharing reductions for a time period when you weren't enrolled in a QHP through the Marketplace
- You were determined ineligible for Medicaid because your state didn't expand eligibility for Medicaid under the Affordable Care Act AND your income is 138% of the Federal Poverty Level
- Your individual insurance plan was cancelled in 2015 and you believe other Marketplace plans are unaffordable
- Other hardships on a case by case basis

**FORM:** <https://marketplace.cms.gov/applications-and-forms/hardship-exemption.pdf>

# Calculating Excess Tax Credit Penalties

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

- Zip Codes where you lived for all 12 months of the year
- Age of each family member covered
- The months each family member was enrolled in Marketplace coverage and wasn't eligible for other coverage outside the Marketplace

HealthCare.gov

Individuals & Families

Small Businesses

Log

## Tax Tool: Look up the premium for your 2014 second lowest cost Silver plan (SLCSP)

### Add location

ZIP code where you lived in 2014

Example: 60647

DID YOU LIVE AT THIS ZIP CODE FOR ALL 12 MONTHS OF 2014?

Yes

No

ADD LOCATION

# Penalties for Lack of Coverage

<b>In 2014, you pay the <i>greater amount of</i></b>	1% of your annual household income	or	\$95 per adult, and \$47.50 per child under 18
<b>In 2015, you pay the <i>greater amount of</i></b>	2% of your annual household income	or	\$325 per adult, and \$162.50 per child under 18
<b>In 2016*, you pay the <i>greater amount of</i></b>	2.5% of your annual household income	or	\$695 per adult, and \$347.50 per child under 18

# COMMON ISSUES

2 scenarios from tax season in Georgia, 2015



# Scenario #1:



- A married couple gained health insurance coverage during the first open enrollment period in 2014. They were assisted by a case worker at the hospital where the husband receives ongoing treatment for a chronic disease.
- Their combined income is \$70,000 and has remained consistent for the past 5 years. When they went to file their income taxes, they were informed by their CPA that they owed back all of their advance premium tax credit, which totaled around \$9,000.
- They are 100% sure they provided the correct income at the time the application was filed online and are now looking for options to remedy what they believe is a Marketplace mistake.

# Best Practices:

- Prepare the couple's taxes using the TaxWise software to see if the CPA made a mistake.
- Locate a local navigator to assist the couple in understanding what might have happened and how to file an appeal with the Marketplace.
- Educate the consumers about offers in compromise and repayment plans available via the IRS.
- Educate consumers about the penalty waiver available specifically for excess owed APTCs.
- Advise the couple to seek legal assistance via Legal Aid, Legal Services, or the Bar Association.
  - *If the issue has persisted for more than one tax filing season, have the couple contact the Georgia State University Tax Law Clinic for assistance:  
404-413-9230*

# Scenario #2



- A consumer made just over the tax-filing threshold, and under the amount needed to be eligible to purchase affordable healthcare in the Marketplace in 2015, \$10,500.
- He did not receive an exemption from the Marketplace, because he was told he shouldn't bother applying since his income was too low to receive a subsidy anyway.
- When he went to the tax preparer, he was told he owed a penalty for not getting coverage.

# Best Practices:

- Prepare the consumer's taxes to see if the other tax preparer made a mistake.
  - If so, encourage the consumer to let that tax preparer know!
- Let the consumer know that for anyone who makes less than 138% of the FPL (which would include him in this scenario), they do not have to pay the penalty for lack of coverage in the state because Georgia did not expand Medicaid.
- Review the full list of exemptions with the consumer to identify any additional exemptions he might be eligible for.

# Summary:

- Make an effort to identify and contact local navigators PRIOR to tax season beginning. That way you have an instant referral for taxpayers and someone to call when you have ACA-related questions.
- Navigators can assist consumers to find out if they are eligible for a special enrollment period at any time during the year, even outside of open enrollment.
- Navigators can assist consumers to locate 1095-A's online and understand their advanced premium tax credits.
- Keep the federal poverty chart and list of exemptions handy for when dealing with ACA-related tax issues.
- Become familiar with the TaxWise ACA chart and be sure to ask your supervisor questions as they come up. If you spot an issue, report it immediately.

# More Resources:

- <http://www.healthreformbeyondthebasics.org/home/for-tax-preparers/>



## Health Reform: **Beyond the Basics**

A project of the  
Center on Budget and  
Policy Priorities



Home

Issues

Upcoming Webinars

Resources

For Tax Preparers

### For Tax Preparers

search



#### Example: Joe (Single)

45

Income: **\$17,000**    2015 Tax Filing Threshold: **\$10,300**  
Filing Status: **Single**  
Adults: **1**    Months Uninsured: **12**  
Children: **0**



#### Payment Calculation:

1.  $\$17,000 - \$10,300 =$  **\$6,700**

$\times 2\%$

vs.

**\$ 134**

2.  $\$325 \times 1 \text{ adult} =$

**\$325**

Report on  
F1040, Line 61

Note: In tax year 2014, Joe would have paid only \$95. If everything remains the same, in 2016 he would pay \$695.

Form 1040	
Other	
Taxes	
21	Health care and related responsibility payment (shared responsibility) - Full year coverage <b>\$325</b>

ACA: What Tax Preparers Need to Know

### Featured

#### ACA Tax Training Webinar Part I: Basic Certification Topics

The first webinar in our "ACA: What Tax Preparers Need to Know" webinar series covers topics VITA/TCE volunteers must know to certify at the Basic level, including determining whether each person in the household had coverage for each month of 2015, whether a coverage exemption applies, and how to calculate the shared responsibility payment.

[View webinar](#)

# Questions/Comments?

## **Elise Blasingame**

Director of Community Education  
& Financial Protection

Georgia Watch

[www.georgiawatch.org](http://www.georgiawatch.org)

[eblasingame@georgiawatch.org](mailto:eblasingame@georgiawatch.org)

404.525.1085

## **Ariana Sanders**

Senior Tax Consultant

Internal Revenue Service

[www.irs.gov](http://www.irs.gov)

[Ariana.M.Sanders@irs.gov](mailto:Ariana.M.Sanders@irs.gov)

404.338.8180

## **Kenneth Brown**

Senior Tax Consultant

Internal Revenue Service

[www.irs.gov](http://www.irs.gov)

[Kenneth.Brown@irs.gov](mailto:Kenneth.Brown@irs.gov)

912.257.6652

