
What ACA means to the taxpayer and to the counselor – Part 1

Shared Responsibility

Individuals

- Report coverage,
- Claim an exemption from the coverage requirement, or
- Make a shared responsibility payment

Government

- Expand Medicaid (at state option),
- Make available premium tax credits,
- Build Marketplace(s)

Employers

- Large employers: Provide coverage, and
- Small employers: *Incentives* to provide coverage

Presentation Outline

- **Applicable document and forms**
- **Three main elements of ACA (Overview)**
- **Interview/Intake Sheet**
- **Interview flow chart**

ACA Documentation and Forms

- **2014 Pub 4491** - ACA Chapter added. This chapter is also published as **Pub 5157** VITA/TCE Affordable Care Act
- **2014 Pub 4012** - has an ACA Tab added
- **Form 1095-A and Instructions**- Health Insurance Marketplace Statement – Issued by Marketplace 1/31/15
- **Form 8962 and Instructions**– Premium Tax Credit
- **Form 8965 and Instructions** – Healthcare Coverage Exemptions
- **Changes to Form 1040**

Tax and Credits

Standard Deduction for—

• People who check any box on line 39a or 39b or who can be claimed as a dependent, see instructions.

• All others:
Single or Married filing separately, \$6,200

Married filing jointly or Qualifying widow(er), \$12,400

Head of household, \$9,100

Other Taxes

Payments

If you have a qualifying child, attach Schedule EIC.

38	Amount from line 37 (adjusted gross income)		38
39a	Check <input type="checkbox"/> You were born before January 2, 1950, <input type="checkbox"/> Blind. <input type="checkbox"/> Spouse was born before January 2, 1950, <input type="checkbox"/> Blind. Total boxes checked <input type="checkbox"/> 39a		
b	If your spouse itemizes on a separate return, you were a dual-status alien, or you were a nonresident alien for part of the year, check <input type="checkbox"/> 39b		
40	Itemized deductions (from Schedule A) or your standard deduction (see left margin)		40
41	Subtract line 40 from line 38		41
42	Exemptions. If line 38 is \$152,500 or more, multiply \$3,000 by the number on line 6d. Otherwise, see instructions		42
43	Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-		43
44	Tax (see instructions). Check if any from: a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972 c <input type="checkbox"/>		44
45	Alternative minimum tax (see instructions). Attach Form 6251		45
46	Excess advance premium tax credit repayment. Attach Form 8962		46
47	Add lines 44, 45, and 46		47
48	Foreign tax credit. Attach Form 1116 if required	48	
49	Credit for child and dependent care expenses. Attach Form 2441	49	
50		50	
51	Retirement savings contributions credit. Attach Form 8880	51	
52	Child tax credit. Attach Schedule 8812, if required	52	
53	Residential energy credit. Attach Form 5695	53	
54	Other credits from Form: a <input type="checkbox"/> 3800 b <input type="checkbox"/> 8801 c <input type="checkbox"/>	54	
55	Add lines 48 through 54. These are your total credits		55
56	Subtract line 55 from line 47. If line 55 is more than line 47, enter -0-		56
57	Self-employment tax. Attach Schedule SE		57
58	Unreported social security and Medicare tax from Form: a <input type="checkbox"/> 4137 b <input type="checkbox"/> 8919		58
59	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required		59
60a	Household employment taxes from Schedule H		60a
b	First-time homebuyer credit repayment. Attach Form 5405 if required		60b
61	Health care: individual responsibility (see instructions) Full-year coverage <input type="checkbox"/>		61
62	Taxes from: a <input type="checkbox"/> Form 8959 b <input type="checkbox"/> Form 8960 c <input type="checkbox"/> Instructions; enter code(s)		62
63	Add lines 56 through 62. This is your total tax		63
64	Federal income tax withheld from Forms W-2 and 1099	64	
65	2014 estimated tax payments and amount applied from 2013 return	65	
66a	Earned income credit (EIC)	66a	
b	Nontaxable combat pay election 66b		
67	Additional child tax credit. Attach Schedule 8812	67	
68	American opportunity credit from Form 8863, line 8	68	
69	Net premium tax credit. Attach Form 8962	69	
70	Amount paid with request for extension to file	70	

Three Main Elements

1. Everyone must have Healthcare Insurance

- Exemptions are available (**Form 8965**)

2. Financial Assistance

- May be available (**Form 8962**)

3. No Insurance?

- May be penalized (**Shared Responsibility Payment**)

**There is a requirement to have health insurance coverage starting Jan. 1, 2014.
People without coverage or an exemption may pay a penalty.**

<p>Step 1</p>	<p>Did everyone on the return have <u>minimum essential coverage for every month?</u></p> <div style="display: flex; align-items: center; margin-top: 20px;"> <div style="margin-right: 20px;"> <p>YES →</p> <p>NO →</p> </div> <div> <p>Taxes</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 5%;"></td> <td style="width: 75%;">Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required</td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> <tr> <td>60a</td> <td>Household employment taxes from Schedule H</td> <td>60a</td> <td></td> </tr> <tr> <td>b</td> <td>First-time homebuyer credit repayment. Attach Form 5405 if required</td> <td>60b</td> <td></td> </tr> <tr style="border: 2px solid red;"> <td>61</td> <td>Health care: individual responsibility (see instructions) Full-year coverage X</td> <td>61</td> <td></td> </tr> </table> <p>See Step 2.</p> </div> </div>		Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required			60a	Household employment taxes from Schedule H	60a		b	First-time homebuyer credit repayment. Attach Form 5405 if required	60b		61	Health care: individual responsibility (see instructions) Full-year coverage X	61	
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b	First-time homebuyer credit repayment. Attach Form 5405 if required	60b															
61	Health care: individual responsibility (see instructions) Full-year coverage X	61															
<p>Step 2</p>	<p>Is anyone on the tax return eligible for an exemption from the coverage requirement for any month during the year?</p> <p><input type="checkbox"/> Can this exemption be granted by the IRS on the tax return?</p> <p style="text-align: center;"><u>OR</u></p> <p><input type="checkbox"/> Does this exemption require approval from the Marketplace?</p>																
<p>Step 3</p>	<p>If no coverage and no exemption, calculate Individual Shared Responsibility Payment using tax worksheet.</p>																
<p>Step 4</p>	<p>If someone on the tax return purchased coverage in the Marketplace and qualifies for a premium tax credit, complete Form 8962.</p>																

What is Minimum Essential Coverage (MEC)

QUALIFIES AS MEC

Employer sponsored coverage

- Employee coverage
- COBRA
- Retiree coverage

Individual health insurance

- Purchased from a health insurance company
- Purchased through the Marketplace
- Provided through a student health plan

Government-sponsored plans

- Medicare
- ~~Most Medicaid~~
- CHIP
- Most TRICARE
- Most VA
- State high-risk insurance pools
- Peace Corps
- Refugee Medical Assistance

LIMITED BENEFITS THAT ARE NOT MEC


- Single-benefit coverage (e.g., dental-only or vision-only plans)
- Accident or disability insurance
- Workers' compensation
- AmeriCorps/AfterCorps coverage
- **Limited-benefit Medicaid**
 - Family planning services
 - Tuberculous treatment
 - Pregnancy-related
 - Emergency medical condition
 - 1115 demonstrations
 - Medically needy
- **Limited-benefit TRICARE**
 - Space-available care
 - Line-of-duty care

Exemption
available
for 2014 –
no penalty

Who needs an exemption?

- Most people have minimum essential coverage (MEC) all year

- Taxes

59	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	59	
60a	Household employment taxes from Schedule H	60a	
b	First-time homebuyer credit repayment. Attach Form 5405 if required	60b	
61	Health care: individual responsibility (see instructions) Full-year coverage 	61	

- Each individual on the tax return who did not have MEC for the entire year should be screened for exemption eligibility
 - Start with the exemptions that can be claimed on the tax return
 - ✱ Much simpler than applying for Marketplace applications on paper!
 - Some exemptions cover specific months; some are good all year
 - Some exemptions can be claimed directly on the tax return; others need advance approval from the Marketplace
 - Some exemptions represent “transition relief” to help taxpayers in 2014 only

Types of Exemptions

Does the taxpayer already have an exemption from the Marketplace?

YES
S

Enter on Form 8965,
Part I

NO

Does the taxpayer have income below the filing threshold?
Applies to the entire household for the entire year.

YES
S

Enter on Form 8965,
Part II

NO

Exemptions for individuals (*duration varies*):

Exemption	Exemption Code
Certain noncitizens and citizens living abroad	Code C
Health care sharing ministry	Code D
Federally-recognized Indian tribe or eligible for IHS	Code E
Limited benefit Medicaid	Code H
Incarceration	Code F
Insurance is unaffordable	Code A
Aggregate cost of insurance is unaffordable	Code G

Exemptions for individuals that have a limited duration:

Exemption	Exemption Code
Short coverage gap	Code B
Coverage by May 1 or "in-line"	Code G
Non-calendar year coverage	Code H

NO

NO

Does anyone qualify for a
Marketplace hardship exemption?

YES
S
apply

Enter on Form 8965,
Part I

2. Financial Assistance May be Available

- Premium Tax Credit (**PTC**) – Refundable Credit
- Advance available to help pay premiums
 - Exchange can estimate PTC at time of purchase
- PTC can be paid in advance to insurance company OR applied as refundable credit on 2014 federal tax return
- Must be reconciled on 2014 tax return
 - **Form 1095-A** and **Form 8962**

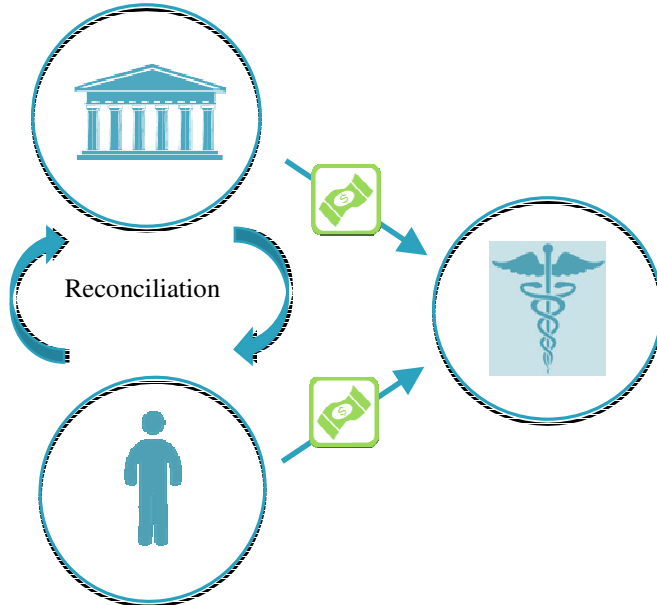
Premium Tax Credit Eligibility

- **Must buy Health Insurance through Marketplace**
- **Employer coverage NOT eligible**
- **Household income within limits (100% – 400% of government federal poverty guidelines)**
- **Not eligible for coverage in Government Program**
- **Cannot file MFS**
- **Cannot be claimed as a dependent**

The PTC can be taken

In advance

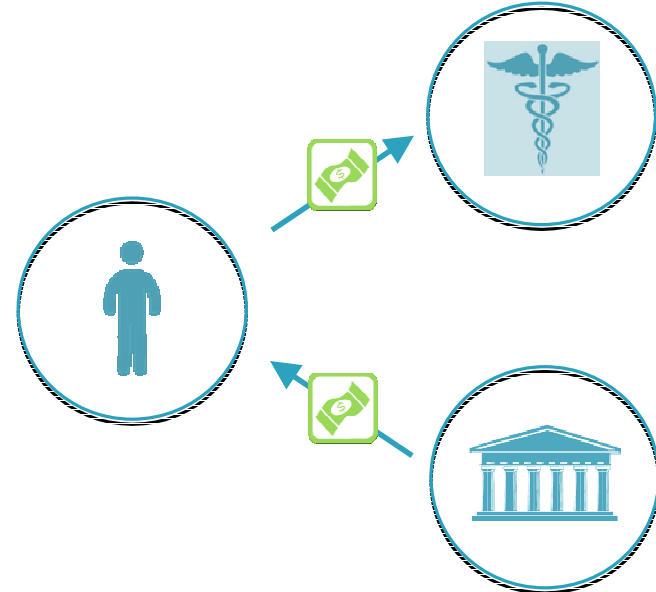
Forwarded to the insurer
monthly to reduce premiums; reconciled on
tax return



or

At tax time

Claimed on the tax return



Verification

- **Taxpayer must notify Marketplace Changes in Household Income**
 - **Changes in Household**
 - ✱ **Marriage or Divorce**
 - ✱ **Birth or Death**
 - ✱ **Eligibility for other Programs**
- **Advance payments adjusted**

3. No Insurance? May be penalized

- If taxpayer or any dependent doesn't have Minimum Essential Coverage (**MEC**) and doesn't have an exemption must:
 - Must make an Individual Shared Responsibility Payment (**ISRP**) with tax return
- Effective January 1, 2014

Individual Shared Responsibility Payment (ISRP)

Year	Full-year payment is <u>greater</u> of:	
2014	1% of income above tax filing threshold (up to cap*)	\$95 per adult, \$47.50 per child (up to cap of \$285)
2015	2% of income above tax filing threshold (up to cap*)	\$325 per adult, \$162.50 per child (up to cap of \$975)
2016	2.5% of income above tax filing threshold (up to cap*)	\$695 per adult, \$347.50 per child (up to cap of \$2,085)
> 2016	<i>Values increased by a cost-of-living adjustment</i>	

* Capped at national average premium of a bronze level plan purchased through a Marketplace. For 2014, the cap is **\$2,448 per individual** (\$204 per month per individual), with a maximum of \$12,240 for a family with five or more members (\$1,020 per month for a family with five or more members).

Example: John (Single)



Income:	\$17,000 (148% FPL)
Filing Status:	Single
Adults:	1
Children:	0

Tax Filing Threshold:	\$10,150
Months Uninsured:	12

Penalty Calculation:

$$\begin{array}{rcl}
 1. \$17,000 - \$10,150 = & & \$6,850 \\
 & & \underline{\times 1\%} \\
 & & \$68.50
 \end{array}$$

$$2. \$95 \times 1 \text{ adult} =$$

\$95.00

**ISRP for
2014**

ACA

Three Main Elements

- 1. Everyone must have Healthcare Insurance**
 - Exemptions are available (**Form 8965**)
- 2. Financial Assistance?**
 - May be available (**Form 8962**)
- 3. No Insurance?**
 - May be penalized (**Shared Responsibility Payment**)

Intake/Interview & Quality Review Sheet – Form 13614-C

Page 3

Yes No Unsure Check appropriate box for each question in each section

Part VI: Health Care Coverage (includes CHIP, Medicare, Medicaid, Employer-Sponsored Insurance, Individual Health Insurance, etc.)

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1. Last year, did you have health care coverage for you, your spouse, and all qualifying dependents? (Forms W-2, 1099 SSA and Form 1095 series)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2. Last year, did you or your spouse receive an advance payment from the Marketplace to help you pay for your monthly health care payments? (Form 1095A)

Visit <http://www.healthcare.gov/> or call 1-800-318-2596 for more information on health insurance coverage options and assistance.

If you're receiving advance payments of the premium tax credit to help pay for your health insurance coverage, you should report life changes, such as income, marital status or family size changes, to your marketplace. Reporting changes will help to make sure you are getting the proper amount of advance payments.

To be completed by a Certified Volunteer Preparer (Use Publication 4012 and check the appropriate box(es) indicating the health care coverage status for everyone listed on the return)				
Had Health Care Coverage	(B) For the Entire year (12 months)	(B) For part of the year (Less than 12 months)	(B) No Health Care Coverage at all	(B) Qualify for an exemption
Taxpayer				
Spouse				
Dependent number 1 (page 1)				
Dependent number 2 (page 1)				
Dependent number 3 (page 1)				
Dependent number 4 (page 1)				

Example: Reyes Family

Did you have insurance in 2014?

- Sonya Reyes lost her health coverage in June 2014
- Gilberto Reyes had workers compensation, which covered some medical costs.
- Kids, Gaby and Marco, were enrolled in CHIP all year.



Page 3

Yes	No	Unsure	Check appropriate box for each question in each section
Part VI: Health Care Coverage (includes CHIP, Medicare, Medicaid, Employer-Sponsored Insurance, Individual Health Insurance, etc.)			
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Had Health Care Coverage	(B) For the Entire year (12 months)	(B) For part of the year (Less than 12 months)	(B) No Health Care Coverage at all	(B) Qualify for an exemption
Taxpayer <i>Sonya</i>		<input checked="" type="checkbox"/>		
Spouse <i>Gilberto</i>			<input checked="" type="checkbox"/>	
Dependent number 1 (page 1) <i>Gaby</i>	<input checked="" type="checkbox"/>			
Dependent number 2 (page 1) <i>Marco</i>	<input checked="" type="checkbox"/>			
Dependent number 3 (page 1)				
Dependent number 4 (page 1)				

Example: Reyes Family

51

Did you have insurance in 2014?

- Next steps:
 - No more questions about Gaby and Marco – they're covered
 - Figure out if Sonya and Gilberto are eligible for exemptions for their months without coverage
 - If they qualify, correct the intake sheet



Page 3

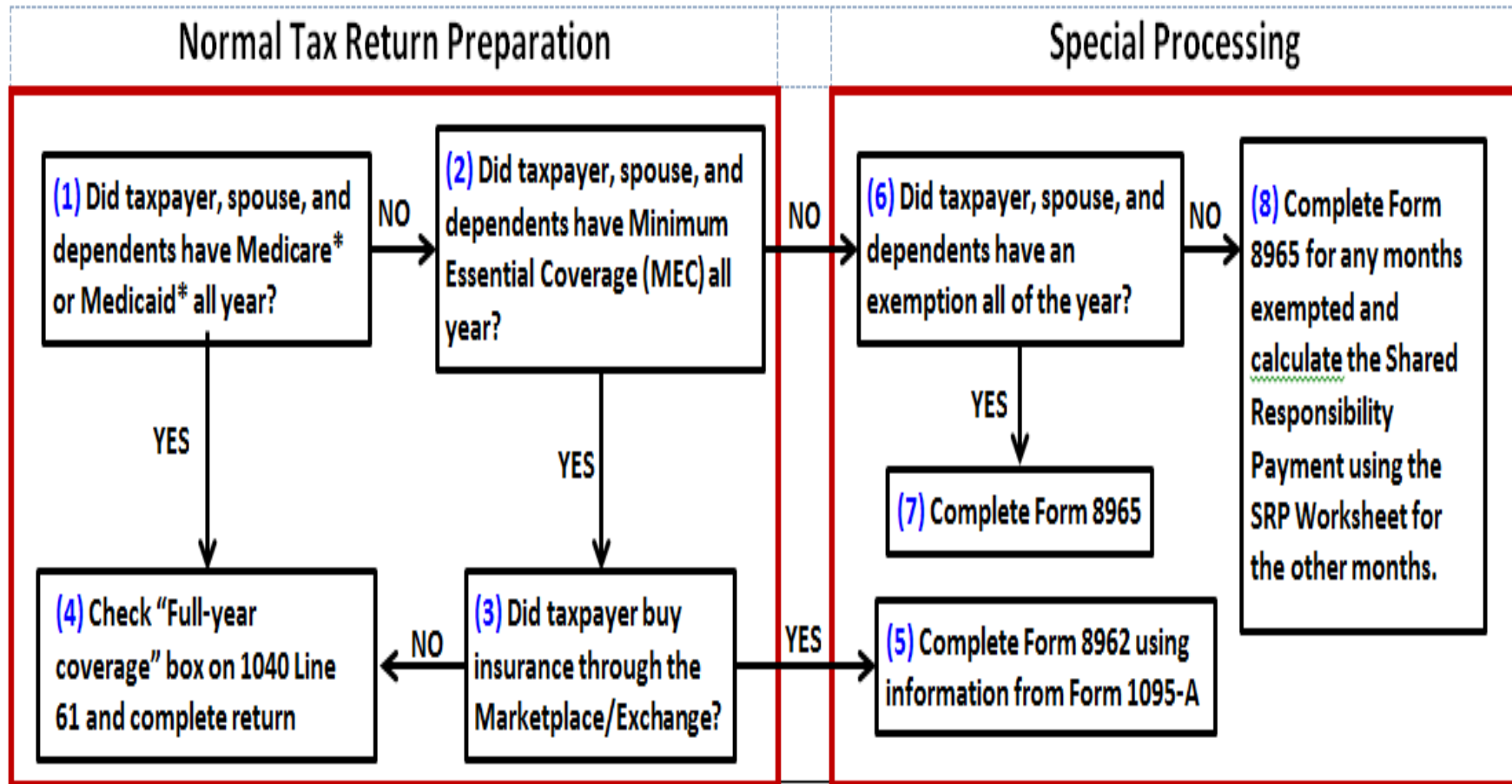
Yes	No	Unsure	Check appropriate box for each question in each section
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Dependent number 4 (page 1)				

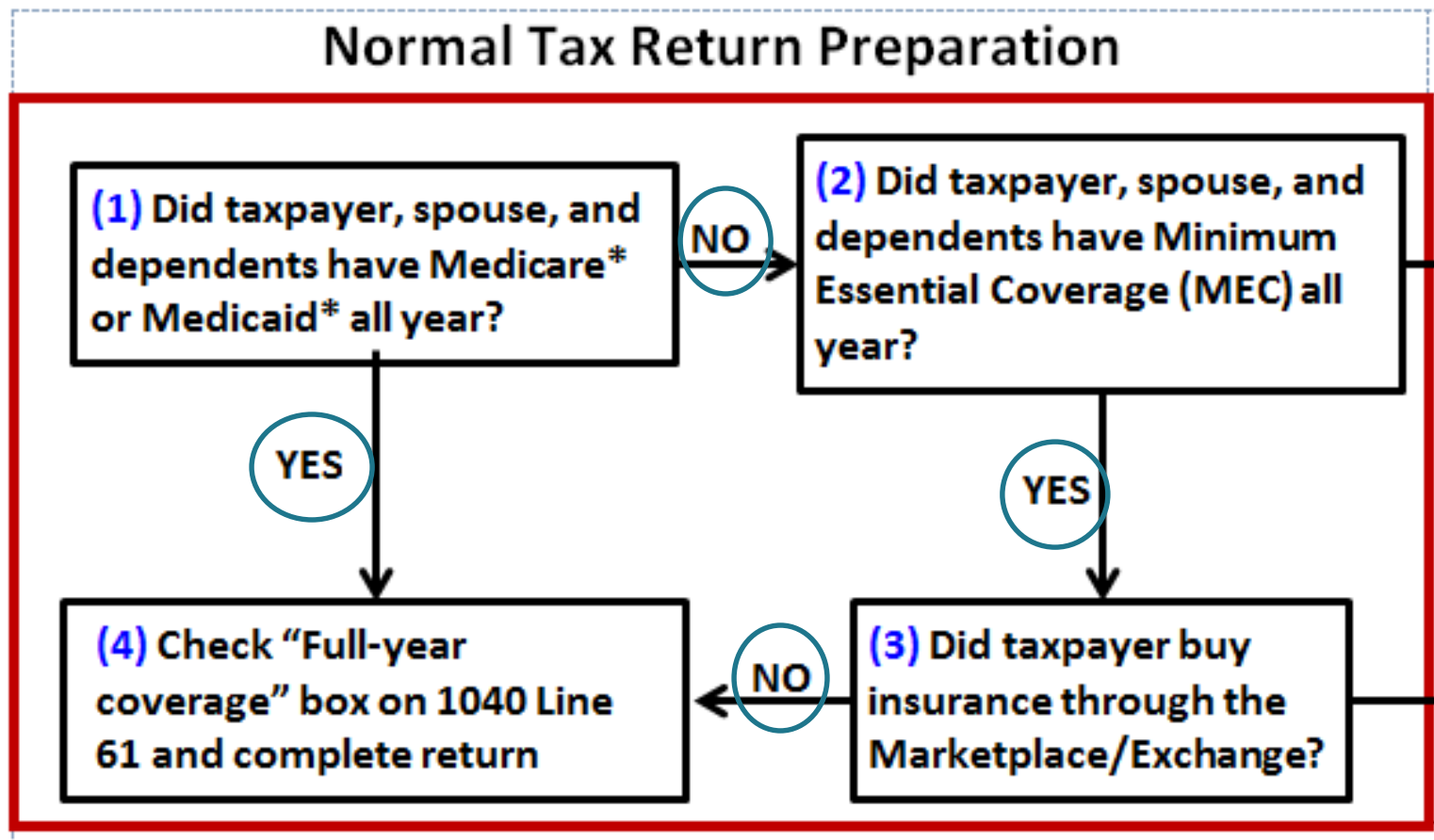
Counselor Interview Flow Chart



* Part A Medicare, Medicare Advantage, and most Medicaid – see Chart in Pub 4012

Counselor Interview Flow Chart

Prepare Return in Normal Manner

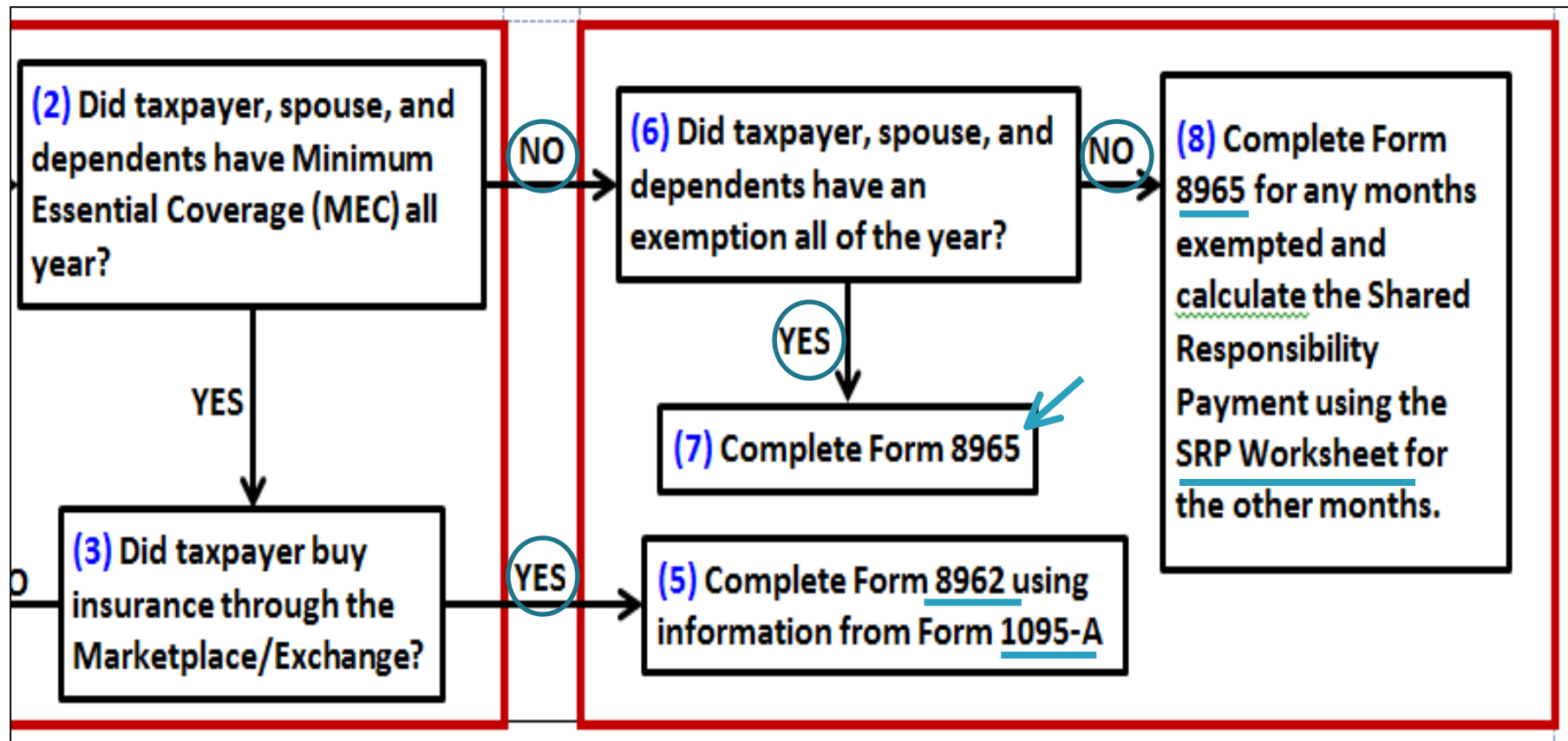


Health Insurance Interview Questions

- **Did you, your spouse and all dependents have Medicare or Medicaid all or part of the year?**
 - **If only part of the year what months were covered?**
- **Did you, your spouse and all dependents have health insurance that meets the Minimum Essential Coverage all or part of the year?**
 - **If only part of the year what months were covered?**

Counselor Interview Flow Chart

Special Processing Required



Health Insurance Interview questions

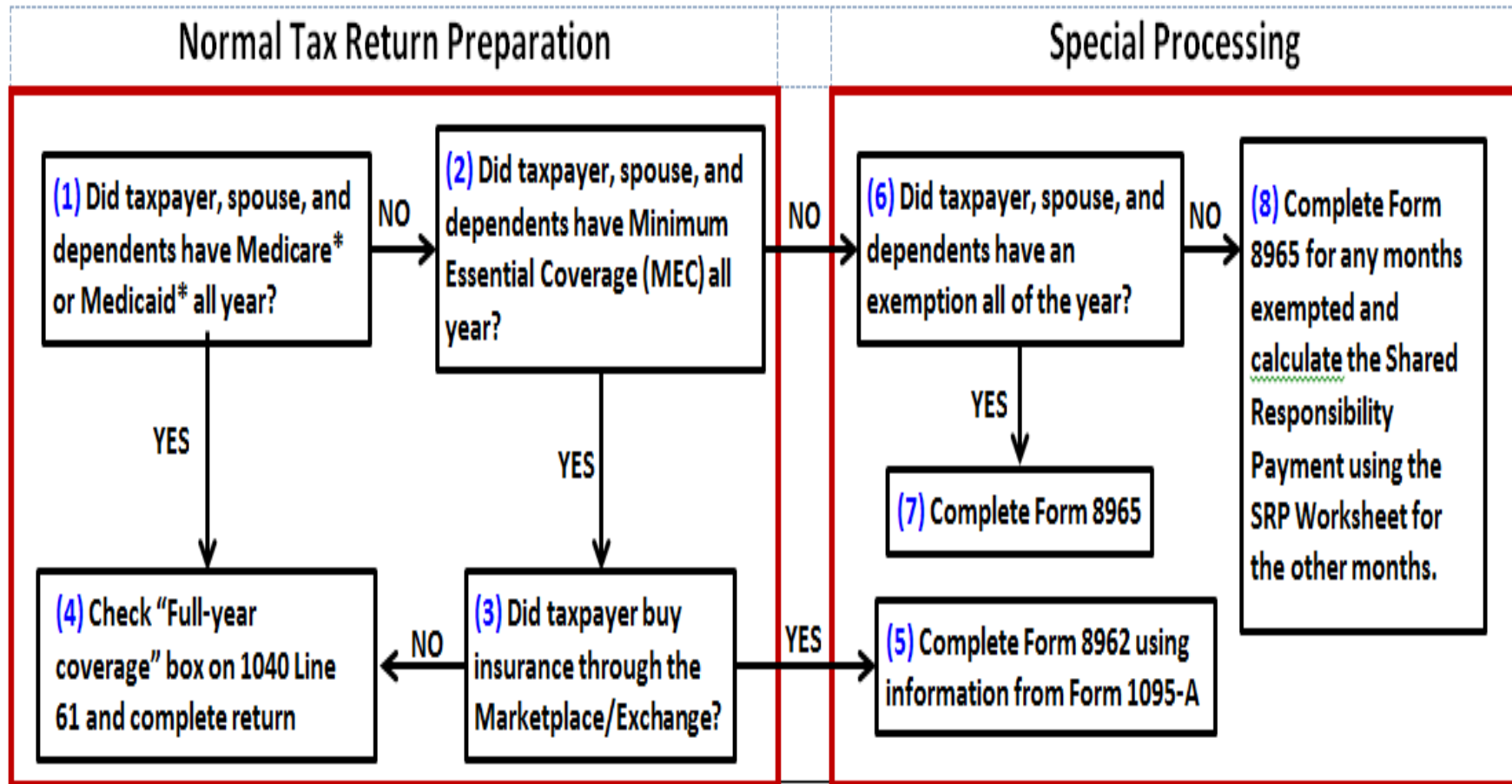


- **Did you, your spouse and all dependents purchase health insurance through the Marketplace?**
 - **If yes, Form 1095-A is required**
- **Did you, your spouse and all dependents qualify for an exemption for all or part of the year?**
 - **If yes, provide exemption certificate number(s) or exemption code(s) received from the IRS or Marketplace**

Information to be distributed to taxpayers in advance

- **What health care information do I need to bring with me this year to support tax preparation?**
 - **Bring health insurance coverage information for you, your spouse and all dependents**
 - **If you don't have full year coverage, bring information on monthly coverage**
 - **If you purchased health insurance through the Marketplace/Exchange you must bring Form 1095-A with you. You should receive this form by 1/31/15.**
 - **Bring any health care exemptions received from the IRS or the Marketplace.**

Counselor Interview Flow Chart



* Part A Medicare, Medicare Advantage, and most Medicaid – see Chart in Pub 4012

Affordable Care Act



Questions?



Ready for Part II?