



## Health Coverage & Taxes

**Forms:** Clients will receive one of three forms –

**1095-A:** A client received coverage through the online marketplace. Shows monthly premiums & monthly payments of **Advanced Premium Tax Credit**.

-If a client received cost assistance through the marketplace, they must use this form to file **Form 8962** (reconciling Premium Tax Credit) on their return.

-Generally sent out by the end of February

-Client can obtain online via their marketplace profile

**1095-B:** A client received coverage outside the marketplace. (Includes Medicaid)

**1095-C:** A client received coverage through a large employer.

### Reconciling Premium Tax Credit (PTC)

-Advanced PTC is paid directly to insurance provider, thus reducing monthly premiums for taxpayer.

-If a client's income fluctuates throughout the year, they should adjust their estimated income on the marketplace website.

**Tax Penalty (Individual Shared Responsibility Payment or ISRP)** – If a client does not have full year coverage, and does not qualify for an exemption, they must pay a penalty for each uninsured member of the household.

Penalty is the *greater* amount of either:

\$695 per adult & \$347.50 per child

-OR-

2.5% of family's Adjusted Gross Income.

Penalty is reduced for each month a household member is insured.

**Exemptions** – See second handout with a list of exemptions.

## **Free Tax Help Referrals**

Tax Help Colorado free tax site lookup tool: [www.piton.org/tax-help](http://www.piton.org/tax-help)

Denver Asset Building Coalition: [www.denverabc.org/help.htm](http://www.denverabc.org/help.htm)

Colorado Volunteer Income Tax Assistance (VITA): [www.coloradovita.org/locations](http://www.coloradovita.org/locations)

Free E-Filing Online: [www.myfreetaxes.com](http://www.myfreetaxes.com)

## Exemptions for Paying the Health Coverage Penalty (Individual Responsibility Payment)

**Marketplace exemptions:** Exemptions that must be granted from the federal marketplace Healthcare.gov (*note: not Connect for Health Colorado*). The exemption must be granted in advance of filing your tax return and the granted certification number reported on the tax return when filing.

- [Members of certain religious sects](#): You are a member of a religious sect in existence since December 31, 1950, that is recognized by the Social Security Administration as conscientiously opposed to accepting any insurance benefits, including Medicare and Social Security.
- [General Hardship](#): You experience circumstances that prevented you from obtaining coverage under a qualified health plan, including, but not limited to
  - Homelessness
  - Eviction
  - Foreclosure
  - Domestic violence
  - Death of a close family member
  - Unpaid medical bills
- [Coverage considered unaffordable based on projected income](#): You do not have access to coverage that is considered affordable based on your projected income.
- [Unable to renew existing coverage](#): You were notified that your health insurance policy was not renewable and you consider the other plans available unaffordable. You may also be eligible for [catastrophic coverage](#) in your area through Connect for Health Colorado.

**Exemptions granted by the marketplace or on a federal tax return:** The following exemptions can be claimed while filing your federal tax return on form 8965 or by the Marketplace. *Note: It is much easier to receive an exemption while filing your tax return than to wait on a marketplace exemption.*

- [Members of a health care sharing ministry](#) – You are a member of a health care sharing ministry, which is an organization whose members share a common set of ethical or religious beliefs and have shared medical expenses in accordance with those beliefs continuously since at least December 31, 1999
- [Members of Indian Tribes](#) – You are a member of a federally recognized Indian tribe or you were eligible for services through an Indian health care provider or the Indian Health Service.
- [Incarceration](#) – You were in jail, prison, or a similar penal institution during 2015. The exemption will only cover the months you were incarcerated.

**Exemptions granted on the federal tax return:** The following exemptions are claimed while filing your federal tax return on form 8965.

- [Coverage is considered unaffordable](#): The lowest-priced coverage available to you, through either a Marketplace or job-based plan, would cost more than 8.05% of your household income. Use [this tool](#) to calculate the lowest cost bronze plan to help calculate if this exemption may apply.
- [Short coverage gap](#) – You went without health coverage for no more than two months. This exemption can only be used once during the year, per member of the household. For example, cannot claim an exemption for both January and February and again for October and November.
- [Income below the return filing threshold](#) –Your 2015 income was below the amount that requires you to file a federal tax return.
  - Single
    - Under the age of 65: \$10,300
    - 65 or older: \$11,850
  - Head of Household
    - Under 65: \$13,250
    - 65 or older: \$14,800
  - Married filing jointly:
    - Under 65 (both spouses): \$20,600
    - 65 or older (one spouse): \$21,850
    - 65 or older (both spouses): \$23,100
  - Married filing separately:
    - Any age: \$4,000
- [Citizens living abroad and certain noncitizens](#) –
  - Not lawfully present in the U.S. and not a U.S. citizen or U.S. national
  - A nonresident alien and are required to file a 1040-NR
  - A U.S. citizen living abroad
- [Resident of a state that did not expand Medicaid](#) - You are determined ineligible for Medicaid solely because the state in which you live does not participate in Medicaid expansion under the ACA. *Note: Does not apply to Colorado residents.*