

HEALTH INSURANCE 101 FOR TAX FILING

Beginning in 2015, people must report their health insurance coverage when they file their 2014 tax returns. Those who do not have health insurance meeting *minimum essential coverage* (MEC) guidelines may have to pay a fee. This fee is called a **Shared Responsibility Payment (SRP)** and is paid through filing federal income taxes.

All taxpayers have three options:

1. Report that they and their dependents had health insurance, or
2. Claim an exemption, or
3. Pay the fee.

What taxpayers need to do:

If they enrolled in a health insurance plan through Vermont Health Connect:

For Vermonters on a Qualified Health Plan (QHP) with Vermont Health Connect, the State of Vermont mails a **1095-A form** as proof of coverage by January 31, 2015. Forms will be mailed to the main contact person on the health insurance application, and sent for each QHP within each tax household. Therefore, some tax households may get multiple forms. Together, these forms will provide the **Advanced Premium Tax Credit (APTC)** totals and other information needed to complete their tax returns.

ADVANCED PREMIUM TAX CREDIT (APTC)

The 1095-A form lists a customer's APTC, or Advanced Premium Tax Credit. The "A" means that the credit was advanced to the customer before tax filing time, as a discount on their monthly insurance premium bills.

For people who qualified for these tax credits but chose not to use them in advance, they are simply called Premium Tax Credits, or PTC. Individuals eligible for PTC will receive their credits in full after they file their tax returns. Vermonters on a QHP from Vermont Health Connect with an annual income below 400% of Federal Poverty Level (FPL) probably received APTCs to subsidize their monthly premiums for their health insurance. Individuals or families who were eligible for Medicaid throughout the coverage year do not qualify for any APTC or PTC.

If the amount of APTC received in 2014 is less than the tax credit due, the taxpayer will receive the difference as a refund when filing their federal tax return. If the APTC used for the year exceeded the actual credit earned for the year, repayment must happen on the tax return. For most Vermonters, even if they received much more APTC than they were eligible for, there is a cap on the amount they will need to repay. For more information on repayment limits, visit: <http://info.healthconnect.vermont.gov/repayment>

Tax reconciliation may be needed if Vermont Health Connect did not have correct, up-to-date information from the customer in 2014.

If they had health insurance through their employer:

Vermonters with any kind of health insurance likely qualify as having *minimum essential coverage* (MEC). To check if an insurance plan counts as MEC, check online at <https://www.healthcare.gov/fees-exemptions/plans-that-count-as-coverage/> or contact a Vermont Health Connect Assister. Failure to prove minimum essential coverage for all of 2014 after May 1 may incur an **SRP**, unless the individual qualifies for an exemption. The fee will be deducted from any tax refunds or added to taxes owed. For 2014, short coverage gaps of less than 4 months are allowed (a single day of coverage in any month counts as coverage for that entire month).

If they are claiming exemption from the Shared Responsibility Payment (SRP):

There are two ways to get an exemption from the SRP. The first is through an application submitted to the Federal Exchange. Anyone who applied for an exemption this way will receive an exemption certificate number (ECN) from the Federal Exemption Processing Center. This ECN is needed to file taxes. Visit <https://www.healthcare.gov/fees-exemptions/after-apply-for-exemption/> to learn more about what kinds of exemptions are done this way. All applications through the Federal site may take time to process, and this should be carefully considered in order to file by April 15, 2015. There is also a place on tax forms where taxpayers can note that an exemption application is pending at the time they filed. This should be noted if the ECN is not available on time for filing.

The second type of exemption can be completed at tax filing time. For these, use tax form 8965 to request the exemption and submit with tax filing.

If they did not have health coverage and do not qualify for an exemption:

Those without health insurance or an exemption must pay the SRP fee at tax filing time. In 2014, the federal fee is either 1% of annual household income or \$95 per adult and \$47.50 per child, whichever is higher.

We're Here to Help:

For questions about the Advance Premium Tax Credit amounts on the 1095-A forms, please contact Vermont Health Connect Customer Support Center at 1-855-899-8600 (toll-free). For information about small business tax credits, visit <http://info.healthconnect.vermont.gov/SB>



YOU MAY ASK TAXPAYERS TO PROVIDE:

- Proof of health insurance (optional at filing; needed if audited)
- Form 1095, if applicable
- A copy of an exemption certificate, or the ECN, if applicable