Helping Clients Understand Tax Filing and Health Coverage

Mira Levinson: Hello, everyone, and welcome to today's ACE TA Center webinar. I'm Mira Levinson, the ACE TA Center project director and senior consultant, here, at JSI.

Today's webinar is focused on helping clients understand tax filing and health coverage. The deadline for filing individual 2017 tax returns or to request an automatic extension is Tuesday, April 17th. With the tax filing deadline less than six weeks away, some of your clients may need help navigating how to file their taxes and understanding the relationship between tax filing and health coverage. So, today we're gonna show you the basic steps clients need to take, along with the related IRS forms, so you can help your clients get through tax season.

Before we get started, here are some technical details for anyone that might be new to our webinar. First, we did send around through the chat a link, so if folks would like to download the slides for today's webinar, you canc lick that link and get them from there.

Second, I want to let you know that you're in listen-only mode, but we encourage you to ask lots of questions using the chat box. You can submit your questions at any time during the call or during the question period at the end. Our presenters will take as many of your questions as we can at the end of today's session and our project manager, Lisel Lu, is gonna help facilitate the question and answer period. Also, if you think of a question after the webinar, that's fine, too. You can always e-mail questions to us at acetacenter@jsi.com.

The easiest way to listen to our webinar is through your computer, but if you can't hear very well, just check and see to make sure that your computer audio is turned on. If you still can't hear us or if you experience a sound delay, try refreshing your screen. Finally, if you still have issues, you can mute your computer audio and dial in using your phone at 888-205-6786. You'll need to use a passcode, too, and that's 861595, and we'll also put that information in the chat box.

So, as a reminder, today's webinar is going to be archived on our Target Center page at targethiv.org/ace or careacttarget.org/ace. All participants in today's webinar will also receive an e-mail when it's posted so you can share it with your colleagues, and you can find links at our website for all the tools we're gonna present. You can also find us just by going to the Target website homepage or searching the topic library.

So, here's a roadmap of what you can expect during today's session. By the end of today's session, we hope all of you have a better understanding of which consumers need to file taxes based on the type of health coverage they have in 2017, what documents consumers should gather before filing taxes, including any necessary IRS forms, the requirement to file and reconcile taxes to be eligible for future tax credits, and which individuals may qualify for an exemption from health coverage.

First we're gonna talk about the financial help provided by the marketplace in the form of premium tax credits and cost-sharing reductions. The marketplace uses tax information to make sure people get the right amount of credit during the year compared to their actual income at the end of the year.

Next, we'll go over the various tax forms that help determine if there was an underpayment or overpayment of premium tax credits. That's called tax reconciliation.

We'll also talk about what considerations for people that have other sources of health coverage, like through their employer or through Medicaid, might need to think about. Also, for people who didn't have coverage at all. That section's gonna include some case studies.

Then, in the last section, I'll go over how to figure out if someone is exempt from the requirement to have health coverage and share some sources of assistance in the form of free tax help and some other TA resources.

Let's start by learning how many of you have already helped educate clients and navigate the tax filing process. How many of you have reminded your clients about the tax filing deadline, referred them to help getting taxes, or tried to answer some basic tax questions? We hope today's webinar provides helpful information and new resources for all of our participants today.

I'm getting a message that you all can't hear me very well, so I'm gonna try to speak up and get a little closer to the phone. I hope this is helpful.

Let's go ahead and take a look at this poll. So, have you had to educate your clients about tax requirements in the past? Just click the box, here, and tell us if you have or haven't had to talk with your clients about tax requirements.

Great, so it looks like about two-thirds of you have had to talk with your clients about tax requirements in the past. You know what kinds of challenges can come up and have had to start figuring your way out around talking with clients about something maybe none of us ever thought we'd have to be experts on. But here we are.

Thanks for responding. We're gonna take a quick flip back to the previous slide so that I can introduce our presenters. Our presenters today include Molly Tasso and Amy Killelea.

Molly is a policy analyst for the ACE TA Center. She specializes in health reform and its implications for people living with HIV. Before coming to JSI, Molly was the policy manager and director of a health care navigator program at a Chicago-based HIV/AIDS-nonprofit.

Amy Killelea is the director of health systems integration at NASTAD. She leads their health reform, public and private insurance and health care financing efforts, including providing resources and technical assistance for state HIV/AIDS programs and developing recommendations to inform state and federal policy.

All right. Let's take another quick poll, now. We'd like to hear from you about the most challenging part of helping clients understand tax filing and health coverage. In your experience so far, what do you find most challenging in terms of explaining the connection between health coverage and taxes? Is it that the clients don't know they need to file? Is it that they don't know where to go for help? Is it figuring out their way around the IRS forms, or reconciling tax credit payments, or is it something else? If it's something else, you can just chat it to our moderator so that we can see what kinds of other challenges you might be having.

Let's take a look at the responses that are coming in. It looks like a lot of you have been talking about seeing challenges around reconciling tax credit payments, and there's also a need for education to clients that don't know that they need to file. I certainly also see some challenges around finding tax filing help and explaining the forms. I hope that all of you get some help with that. If you're not feeling confident about those different areas, this webinar is designed to help you pay attention to what you need to talk with clients about in each of those areas.

Now I'm gonna turn it over to Molly Tasso to walk through these connections in more detail. Molly?

Molly Tasso: Great. Thanks, Mira. This is the fourth year that people will be asked about health coverage when they're filing their taxes, and since we usually file taxes just once a year, this is a process that clients still haven't had a lot of experience with. It can be confusing, but it is important for staff and clients to understand how taxes and health coverage is connected. This way, clients not only understand what they need to do but why they need to do it.

Taxes and health coverage are connected in two important ways. First, providing proof of health coverage. Second, reconciling tax credits for individuals who had coverage through the marketplace and received an advanced premium tax credit. Tax filing is how individuals prove that they had health coverage in 2017, and if so, what kind of coverage they had.

There are different ways an individual can prove their health coverage at tax time. For example, they may have received a form from the IRS such as the 1095-A, which shows marketplace health coverage and is used to verify the type of health coverage and period of coverage for the prior year as well as premiums paid and advanced tax credits given. In this session, we'll discuss what your clients need to do based on the type of coverage they had last year, and we'll share an ACE TA Center tool designed to help clients navigate this process.

Now, let's talk briefly about the individual shared responsibility payment or fee, also sometimes referred to as a penalty. If an individual does not have health insurance and does not qualify for an exemption, they must pay a fee. The fee will be due at tax time. For someone who was uninsured in 2017 and didn't receive an exemption, they will pay the fee when they file their taxes in 2018. This is the case for both the 2017 and 2018 tax years.

Starting with the 2019 tax year, proof of health insurance is no longer required for federal income taxes. This means that someone will not have to pay a penalty fee if they were uninsured. However, we do wanna point out that a state may enforce its own, individual mandate. This would be enforced by the state as opposed to the federal government. Massachusetts, for example, is a state where this requirement exists, and other states may decide to adopt an individual mandate in the future.

To understand the relationship between taxes and health coverage, we need to first quickly go over the different types of financial assistance available to individuals who purchase coverage through the marketplace.

First are premium tax credits, or PTCs for short. This is financial assistance from the federal government that is given in the form of a tax credit to lower the cost of premiums, that monthly bill we pay every month to keep our coverage. The IRS uses the most recently-filed tax return to determine the amount of financial assistance provided to individuals.

When the client applied for 2018 coverage in late 2017, they would not yet have filed their 2017 taxes. Therefore, the marketplace looked at their 2016 taxes to determine how much money that person is eligible to receive as a tax credit. Because they're only using an estimate, any differences such as a difference in the income reported in that return would be handled in the next year's taxes through the reconciliation process.

There are two ways to get a premium tax credit. During open enrollment, clients can apply to get the credit in advance and have some or all of the credit paid in advance directly to the insurer or the marketplace every month. The person or family then pays less for their monthly premium.

This is also known as an advance payment of the premium tax credit, or, APTC.

In most cases, Ryan White program clients are required to take the APTC to avoid owing any money to the program. The advantage of APTC to the client is that they don't have to pay as much out of pocket every month and then wait for the tax credit to be applied at the time they file taxes. Clients can also wait to get the lump-sum credit after they file their federal income tax returns. This person or family pays their full monthly premium and then gets back money at the end of the year. This option is not recommended by most Ryan White programs.

After the calendar year ends, all clients who receive an advance premium tax credit must file a federal tax return to make sure they received the amount of financial assistance they were eligible for based on their actual income reported during the year. This process is called tax reconciliation, and Amy's going to be going into more detail about this process in a few minutes.

Clients who did not receive an APTC may still be eligible to get the credit as a lump sum at the end of the year, especially if their income changed during the year, but they'll need to file a return to find out. Because the government requires that everyone has health insurance, filing taxes also lets the government know that a client had health insurance whether they receive a tax credit or not. Also, the cost for coverage and eligibility for financial assistance through the marketplace in future years are based on income filed in the tax return.

I would like to point out that there may be some clients who received an advance premium tax credit in 2017 but did not qualify for this advance tax credit in 2018, so, during this past open enrollment period. There are a few reasons that this could've happened.

First, a change in their income or household may have made them ineligible. This could happen if their family size got smaller relative to their income, or if their income increased. Second, a client may have lost their APTC in 2018 if they did not check the box in their marketplace application that allows the marketplace to get and use information from other groups such as the IRS for the application.

On the application, it reads, "I agree to have my information used and retrieved from data sources for this application. I have consent for all people I'll list on the application for their information to be retrieved and used from data sources." If a client did not check this box, they did not allow the marketplace and IRS to share data, and thus would not receive a premium tax credit this year.

If they did not check the box this most recent open enrollment period, it's not too late; clients can go in at any time to the report changes link in their marketplace account and check the box, allowing the marketplace to share information with the IRS. If you have a client in this situation, we recommend you encourage them to go back in to their marketplace account as soon as possible and check this box that authorizes information to be shared with the IRS to ensure that they receive tax credits that they may be eligible for.

And third, if a client did not file their 2016 taxes, they could've lost their APTC in 2018. This is an important point to understand, so let's take some time to walk through the scenario in a bit more detail.

Again, we're looking at a situation in which a client received an APTC in 2017 but did not qualify for this APTC in 2018 during this past open enrollment period. In order to understand what happened, we actually have to look back a few years of the client's health coverage and tax filing information.

In this scenario, your client was enrolled into marketplace coverage in 2016 and received an APTC. This client also then filed their 2015 taxes. In the next year, 2017, this client is again enrolled into marketplace coverage and receives, again, an advance premium tax credit. Unfortunately, however, this client did not file a 2016 federal tax return, and because of this, they didn't reconcile the APTC they received in 2017.

As a result of them not filing or reconciling their 2016 taxes, the client is found to be ineligible for an APTC when they enroll into marketplace coverage for 2018. To avoid this happening again, the client must file a 2017 federal tax return to qualify for APTCs in 2019. I know this was a quick overview of this situation, but Amy's gonna give another example of this later in the presentation.

I also want to quickly mention another type of financial assistance, but it's not connected to taxes. I mention this because some of you have asked whether cost-sharing reductions are related to tax filing.

Cost-sharing reductions come in the form of discounts instead of a tax credit. They are reductions applied to existing silver-level marketplace plans to reduce out-of-pocket costs, which include deductibles, copays, and coinsurance. But again, CSRs, cost-sharing reductions, are not connected to taxes in any way, so there's no reconciliation process involved at the end of the year.

ACE has developed a set of frequently asked questions on premium tax credits and cost-sharing reductions as a reference tool to help you better understand the distinction between these two types of financial assistance, and we're gonna chat out the link to this resource right now. It'll show up in your chat box.

The ACE TA Center also has a web-based and mobile-friendly tool to help clients prepare to file their taxes, including what a client needs to do based on the type of coverage they had during the most recent tax year. The tool is designed to be used by clients online either on a computer or on their phone so that they receive specific information on what they need to do.

Case managers can talk to their clients about health coverage and tax filing and direct them to the tool to understand whether or not they need to file taxes, and if so, what steps they need to take, including what documents to have to successfully file their taxes. Some clients may be comfortable going through this web-based tool on their own, but Ryan White program staff can also help the client go through the online tool.

Here's a larger version of the first page of the consumer tax tool. Here you can see the close up of the first batch of questions that help us send people to the right section of the tool, depending on the kind of coverage they had last year or if they did not have coverage.

When a client clicks, "Do I need to file taxes," they are taken to another page and prompted to choose what kind of health coverage they had last year. For clients that had marketplace coverage, the tool then asks if they received an APTC and explains why they do need to file their taxes: either to reconcile their tax credits or to see if they're eligible.

For clients that had other types of coverage, such as Medicaid, Medicare or employer coverage, the tool provides information about the forms they will receive in mail and what to do with these forms.

And finally, the tool includes information for clients that did not have health coverage, including information about the exemption from the requirement to have health insurance.

For clients who do not have internet access or might be uncomfortable using a web-based tool, the ACE TA Center has also created printable fact sheets that the Ryan White program staff can share with their clients. There are three different versions, each specific to the type of coverage the client had.

Here's a quick look at those fact sheets. This firs tone is for clients who had coverage through the marketplace. The second fact sheet you'll see here on the screen, now, is for individuals who had non-marketplace coverage, such as Medicaid, Medicare, CHIP, VA, TRICARE, or insurance through an employer. And the third fact sheet is written for individuals who did not have health insurance last year. Later in today's webinar, Mira is going to talk some more about the tax filing considerations for people that had health insurance outside the marketplace as well as for those that did not have coverage.

At this point, I'm gonna turn it over to Amy to discuss the tax reconciliation process in more detail.

Amy Killelea: Great. Thanks, Molly, and hi, everyone. Yes, as Molly talked about, I'm gonna focus on tax reconciliation, and throughout, I'm gonna highlight how Ryan White programs, insurance assistance programs in particular, coordinate with the tax reconciliation process.

I'm gonna start out with the life cycle of the advance premium tax credit. I think this is important to understand all of the parts and how they match up and inform what's required at the actual reconciliation process, because it is all connected.

We start with step one, and that's with the application. During open enrollment, individuals can see if they're eligible for advance premium tax credits based on their income. As we heard, these premium tax credits are available in advance. They're available and start on the first day of your insurance coverage; you don't have to wait until tax time to get them.

What you're doing at application in terms of the income information that's provided is making a best estimate of what your annual income for that upcoming plan year is going to be.

Then we move down to step two, which is a really important step, and I'll be highlighting this piece throughout, and that's to report changes in income. We know that life circumstances change, that jobs change, income changes, goes up and goes down throughout the year. And these changes in life circumstances impact advance premium tax credit eligibility because that, again, is based on one's income.

Throughout the year, it's very important to report any changes in income to the marketplace. And report changes in tax household size, also, that would impact the amount of advance premium tax credits you're eligible for.

The reason that's so important is when we get to step three, which is filing your federal taxes. This is the third step in the life cycle. It occurs at tax time. The regular tax return filing deadline is April 15th. This year, due to the 15th being on a Sunday and an additional holiday following, actual tax day will be on the following Tuesday, the 17th.

At tax time, there's actually a check on ... We go back to that beginning part, at the application stage, when you make a best estimate of what your income is going to be. So, at tax time, it's that check on, "Was that right?" The check is really based on what a person's income was based on what they file in their federal tax return.

That's why that second step is so important, because the best way to ensure that the estimate in step one is the same as the actual income according to the IRS in step three is to make sure that your income is being updated as it changes. We'll talk a little bit more about the actual filing your taxes and reconciliation piece as we go.

These forms are gonna be very relevant to your clients, and I'm gonna highlight particularly how they are relevant to Ryan White program insurance assistance as well and where the Ryan White program, if they are helping with a client's insurance premiums, where these forms are gonna be important.

There's a whole bunch of forms, here, and I know Molly went through some of them. I'm gonna go through the 1095-A in a little bit more detail as well as the form, 8962, which also is very relevant for reconciliation. I know Mira's gonna talk a little bit more about the 8965 in terms of exemptions for coverage. But the other two will be more relevant if you've got a client who had insurance outside of the marketplace. So, a different type of insurance or employer-based insurance.

Let's start with the 1095-A. This is one of the most important and first steps in terms of preparing for the reconciliation process, and it's important, too, to start the process of identifying the premium tax credit underpayments or over-payments.

This form is generated by the marketplace and it's sent out to anyone who receives advance premium tax credits throughout the year. It actually, for this year, went out a little bit earlier this year than it has in the past, so clients who received premium tax credits through the 2017 plan year should already have this form in hand from the marketplace.

As you can see in the screenshot, it goes month by month and it indicates the actual premium amount that was owed, the benchmark plan and where the person lived that is the reference for how much a person was owed in advance premium tax credit. And then, this is the most important part, the actual advance premium tax credit received by month. This is the first piece of the puzzle. This is just a documentation of the advance premium tax credits that a person received throughout the year.

The second piece of the puzzle ... This is really the form that allows for the reconciliation calculations. This is the linchpin, and that's Form 8962. This is the form that clients are gonna use to do that crosscheck that we talked about at the beginning. You're gonna use that to compare the amount of advance premium tax credits that a person actually received throughout the year, reference back to that Form 1095-A, and the amount of advance premium tax credits that are owed based on the income that the person is reporting on their federal income taxes. This form is gonna include a step-by-step guidance to get at that actual amount advance premium tax credit that the client was owed.

To draw your attention on the two most important lines to be looking at, here, you've got line 26, there, and that's gonna reflect the situation where the individual was paid too little in advance premium tax credits throughout the year and is owed a refund by the IRS. Maybe this person's income went down throughout the year, they didn't report it to the marketplace, so the IRS essentially underpaid that person throughout the year and now there's a refund owed to the individual. That's line 26.

Then you've got the opposite situation, reflected in line 29. I should say, too, only one of these lines will actually be filled out on the form. You aren't owed a liability and a refund, but I wanna show you where each of these numbers would pop up.

Line 29, if there's something on line 29, it reflects the opposite situation where the individual was paid too much in advance premium tax credit throughout the year and, in fact, now owes money back to the IRS. Maybe this person's income went up throughout the year and they didn't report it to the marketplace, and now the IRS is asking for that money back.

That's Form 8962. The last piece, and I think everybody is probably well familiar with the Form 1040, which is the federal tax form that you fill out. The 1040 is just putting the information together. It is using the information that is filled out in Form 8962 to fill out the actual federal tax form.

Same situation in terms of jotting down the refunds and/or the money owed back to the IRS. You've got line 46, that's gonna indicate a person owes money to the IRS, so they were overpaid throughout the year. And then the opposite situation, reflected in line 69, refund owed back to the taxpayer. They were underpaid throughout the year.

And, again, folks will mark either one of these, not both. They're really only relevant when underpayments and over-payments come up. They won't be relevant if you've got a situation where your client was very good about reporting their income changes to the marketplace, and at reconciliation time, it all squares away. They got what they owed throughout the year. Then you don't have any over-payments or underpayments.

A quick word, now, about an important consumer protection that's in place. If something goes horribly awry, say, and you've got a client who actually owes a good deal of money back to the IRS because that estimate of income at the beginning of the year was way off or there was some monumental increase in income throughout the year that wasn't adequately reported, you could end up with a fairly significant amount owed back to the IRS.

There is an important consumer protection that caps that amount. It's based on income. You can see the numbers there in front of you, and it varies based on single filer and folks who are filing as part of a tax household. That's important, and that's important to keep in mind to make sure that clients are aware of this protection and cap.

Now I wanna talk a little bit about the policies that most Ryan White and ADAP insurance assistance programs put in place really to coordinate efficiently and effectively with the premium tax credit process, and particularly reconciliation. It fits and tracks the three steps that we talked about at the outset.

The caveat, here, too, is that it's very important to check with your state and local policy. So, your ADAP in your state or if Ryan White part A or different part is providing insurance assistance, they will have different policies and procedures and different assistance available. It varies quite a bit by jurisdiction, so it's important to check on that.

But to walk through some of the considerations, at application, you're gonna see a strong push in policies. As Molly mentioned, this is pretty much across the board, requiring clients to take the full amount of the premium tax credit in advance. You cannot choose to not take anything and get a refund. That is much more administratively difficult for ADAPs and other Ryan White insurance programs to navigate.

And then that first interaction, that application with clients, is an opportunity for education about the need to file taxes, the need to report changes in income, and the reconciliation process. It's really never too early to start that conversation to prepare clients for both the reporting of income throughout the year and then the eventual tax filing process.

Then you've got the next step, which is really what happens throughout the year. There are opportunities and policies in place where Ryan White programs are checking in with clients on reporting changes to the marketplace during the year, including at six-month re-certification for ADAP and other times. That's just an ongoing really important client education piece to make sure you don't end up with large over-payments or underpayments at tax time.

And then you come to tax time. This is where things can get complicated if there are over- and underpayments, but I think we are in year four of this, and there are some good policies and procedures and efficiencies in place.

The first is that Ryan White programs are directing clients to tax filing resources, and I know we'll mention resources at the end of this webinar. Those are really important to make sure that clients are getting professional tax help if they need it.

Then, importantly, there are two ways that the Ryan White program insurance assistance programs are stepping in here. Number one is that, if the ADAPs or Ryan White program was paying the remaining premium amount after the advance premium tax credits went into effect, then you've got that Ryan White program stepping in to the shoes of the client.

If it turns out the client was underpaid APTCs and is actually owed a refund by the IRS, that refund should really accrue to the Ryan White program or ADAP. In fact, the Ryan White programs are required to pursue that refund, and that makes sense. They are stepping in to the shoes of the client in that sense.

On the flip side of that, the Ryan White programs and ADAPs are permitted, but not all do, to assist clients with tax liability resulting from reconciliation in instances where the IRS overpaid throughout the year and now there's an amount owed back to the IRS.

So, that's important. That varies in terms of your local jurisdiction, but it's an important protection that Ryan White programs and ADAPs insurance purchasing programs can do. And, since ADAP and Ryan White programs can't make payments directly to clients, there are policies in place so that the IRS can be paid directly on behalf of the client. It's important to work with clients to ensure that the payment is processed for the correct taxpayer in the correct amount.

Next slide. Molly touched on this. I'll go through this quickly. It is still important to file taxes, even for clients who didn't receive a premium tax credit. You may still be eligible based on your income, and so that's important; don't think that, "Oh, your client didn't apply for advance premium tax credits at the outset, so is no longer eligible."

Now I'm gonna walk through a couple of case studies just to put this all together, and we'll start with examples of a refund and move on to opposite of that, and really talk through the Ryan White program role in all of this.

Let's start with Charlene. Charlene applied for 2017 marketplace coverage and she also applied for advance premium tax credits. Her annual income was about 240% of this FPL, and so she is eligible for premium tax credits.

I think we may still be on ... If you could, advance slide one.

You've got all of her information here. She had a job change in the middle of the year. That's fairly common. She did not report this change to the marketplace, and her job change resulted in her income changing. So, her income actually ends up being quite low and, at the end of the year, her annual income ends up being actually lower than the federal poverty level.

She lives in a non-Medicaid expansion state, so it's not like her income dropped and she was eligible to go into Medicaid to continue on her marketplace plan with premium tax credits. This is important, 'cause we talked before that premium tax credits are only available starting at that

100% FPL income level. They're not available if you have less than 100% FPL.

There is a special rule in this situation because this person was eligible for the APTC when she applied. She's actually owed a refund. She does not owe money back to the IRS 'cause she is actually not eligible. She gets treated as if she was up to the 100% FPL income and she gets a refund from the IRS.

Just a quick note: If Charlene is an ADAP client or receiving Ryan White insurance assistance for her premium, then the Ryan White program or ADAP really is entitled to that refund and has to put policies in place to ensure that they are getting that.

Next slide. Oh, I'm sorry, and just to show you where this shows up on the IRS form, we go to 8962 and, as you remember, line 26 is where you're gonna see the refund amount. That's the amount that you'll see. That is the $2,000 that is owed back to the taxpayer. And, again, that's important for any Ryan White program who is helping the client with their premiums throughout the year.

Now let's move on to Carlos. This is the opposite situation of Charlene. Carlos applied for marketplace coverage. He, too, has an income that entitles him to advance premium tax credit. He's in a tax household of two, and so that number reflects the tax household's advance premium tax credit.

But Carlos receives a cash bonus in the middle of the year of $6,000, so his household income goes up by a pretty significant amount. He did not report this additional income to the marketplace. So, when Carlos goes to file his taxes as his tax household of two, his annual income ends up being $6,000 higher. That means that he was not entitled to that same amount of advance premium tax credit that he had indicated at application, and so he actually owes money back to the IRS.

As a reminder, in certain circumstances, ADAPs and Ryan White programs are helping clients like Carlos with that portion of the overpayment if he's an ADAP client or Ryan White client.

Next slide. Then, on Form 8962, looking to where you would find that, that is on line 29. That will just indicate, "Okay, that is the amount that Carlos must repay to the IRS."

Finally, and this is just to reiterate the scenario that Molly walked through a little bit, too. I'll go through this fairly quickly, but this scenario is Xavier. Xavier applied for marketplace coverage with advance premium tax credits, and his annual income when he applied made him eligible for advance premium tax credit. That's great.

However, come to this year. We're in tax time and he just refuses to file his taxes. He will not do it. He does not file his federal taxes, even though he received a premium tax credit in the previous year.

Importantly, a person is not eligible for advance premium tax credits in the next year if the IRS notifies the marketplace that that individual didn't file his taxes. That is important. That will affect Xavier's 2019 coverage when we get there, and it's never too early to start thinking about that.

Importantly, on April 17th, Xavier doesn't immediately lose coverage because he doesn't file his taxes. He never loses his marketplace eligibility. He can still buy an unsubsidized plan come 2019.

But with extensions, he can still file his taxes any time during the open enrollment period and he can still be eligible for advance premium tax credits for the 2019 plan year, which is why the education about tax filing is so important starting now, during tax time, over the summer, and through open enrollment, because it's very important to make sure that clients who need to are filing their federal taxes so that they can remain eligible for advance premium tax credits.

With that, I'm gonna turn it back over to Mira, I believe.

Mira Levinson: Great. Thanks, Amy. All right, so let's see. I'm gonna start by walking through tax filing requirements for people that had other health coverage, including Medicaid, Medicare, TRICARE, or employer coverage, and individuals who did not have health insurance coverage.

Remember when Molly went over the ACE TA Center consumer tax tool a few minutes ago? Let's go back to that tool. As you'll remember, the tool begins by asking how the client got health coverage last year. Molly already showed us what people should do if they enrolled through the marketplace, and now we can take a look at the second answer. That's for people who had other coverage such as Medicaid, Medicare or employer coverage. Everyone who files taxes must report whether or not they had health coverage on their 2017 tax returns. Using the online tool, if a client had coverage through a public option or their employer, they can select this answer.

Clients covered by other health insurance including Medicaid, Medicare, TRICARE, or insurance through their employer should file taxes and check the box on line 61 on the 1040 form indicating that they had coverage.

Now, what about clients that did not have coverage last year? In this case, it's important to look at the length of time they weren't covered. Some people just have what the IRS call a short coverage gap. In general, a gap in coverage that lasts less than three months qualifies as a short coverage gap. If a client had a short coverage gap, they can acclaim an exemption from coverage for that time period.

But what about clients that were uninsured for three months or longer last year? For these clients, it's important to check and see if they qualify for a different exemption from coverage. Otherwise, they may have to pay a fee or penalty called the individual shared responsibility payment.

Let's take a look at some of the most common exemptions from health coverage and how clients can apply for these exemptions. There are many different exemptions from health coverage that clients may qualify for. Exemptions are based on a number of circumstances, such as certain hardships, some life events, health coverage or financial status, and membership in some groups.

One way for clients to find out if they are eligible for an exemption is through healthcare.gov's exemption tool. We're gonna chat the link to that tool in just a moment, and I want you to know that the healthcare.gov exemption tool helps clients determine if any exemptions apply to them and provides step-by-step instructions to apply, including links to forms they will need.

Here you can see a list of some of the exemptions. We already talked about the short coverage gap of less than three months. Another exemption is for people that live in states that didn't expand their Medicaid programs if those people would have qualified for expanded Medicaid.

Also, many people qualify for income-related exemptions. And, in fact, someone just chatted in a question a few moments ago asking about the income threshold for filing taxes. People can qualify for an income exemption in two ways. First, if the lowest price coverage would cost more than 8.13% of their household income, and second, and more relevant to us, some clients are below the income threshold. That means their income is below the level that requires them to file. For example, a single individual under age 65 with an income less than $10,400 is not required to file.

Other exemptions include incarceration and certain types of non-citizen or not-lawfully-present individuals.

Certain groups also qualify for exemptions. For example, members of federally recognized tribes or members of a recognized religious sect with objections to insurance.

Clients who experience certain hardships may also qualify for an exemption. There are many types of hardship exemptions, too, including examples such as homelessness or facing eviction, a shut-off notice from a utility company, or experiencing domestic violence.

Other examples include substantial property damage due to a natural or human-caused disaster or medical expenses causing substantial debt. You can find more information on each of these categories using the healthcare.gov exemptions tool that we just chatted out to everyone.

So, now that you know how to get the details on whether a client is eligible for an exemption, let's talk about the actual process of getting that exemption.

How a client gets an exemption depends on the type of exemption. Some exemptions are only provided by the marketplace. Others, only from the IRS. And yet other exemptions can be obtained either way. Use that healthcare.gov exemption tool to figure out how to obtain each type of exemption. All exemption then need to be reported using IRS Form 8965: Health Coverage Exemption.

If the exemption is obtained from the IRS, then this is the form for claiming the exemption. You don't need to call the IRS to get coverage exemption in advance in this case. But on the other hand, any exemption from the marketplace do have to be obtained ahead of time. If a client gets an exemption from the marketplace, they will get a unique exemption certificate number from the marketplace, and they should include that number on IRS Form 8965 when they file their taxes.

Now let's talk about that individual shared responsibility payment or fee. If an individual does not have health insurance and does not qualify for an exemption, they must pay a fee. The fee will be due at tax time. So, for someone who was uninsured in 2017 and didn't receive an exemption, they will pay the fee when they file their taxes.

The chart on the screen shows the fee amounts for 2014 through 2017. As you can see, the fee is shown as both a percentage amount and a flat dollar amount. The consumer pays whichever of these amounts is higher. There's also a maximum fee amount. No matter what, the fee will never be higher than the national average cost of a marketplace bronze plan.

In 2017, the maximum fee amount is $3,264 a year for an individual and $16,320 a year for a family with five or more. Individuals can only find out the exact amount of the fee when they complete their 2017 federal tax return.

Now let me show you another useful health coverage tax tool from healthcare.gov. A few minutes ago, Amy went over Form 8962: Premium Tax Credits. That's the form where the client shows how much they should've received in APTCs and calculates any overpayment or underpayment. This tax tool is designed specifically to calculate how much premium tax credit the client was eligible for.

This resource is useful if the client had any household or income changes that they did not report to the marketplace during the year. They can also use it if they want to apply for 2017 premium tax credits now either because they didn't qualify earlier or they just didn't get around to applying.

Many people also use the healthcare.gov tax tool to look up the cost of their second-lowest cost silver plan premium for Form 1095-A. Note that this tool can also be used for clients who wanna see if they're eligible for a marketplace exemption based on affordability. Here's a link to the tax tool.

Now, let's just take a moment to review all the IRS forms that we discussed today. Form 1095-A, health coverage through the marketplace, is sent by the marketplace and provides information on coverage, premiums paid and advance premium tax credits provided. Clients use 1095-A to fill out Form 8962, Premium Tax Credits, which is required to document premium tax credits received and reconcile the actual amount of premium tax credits owed based on income and household size.

Next, IRS Form 8965 for Health Care Coverage Exemptions is a blank form that clients can use to document their exemption from health coverage. Finally, Form 1040, the US Individual Income Tax Return form, is the general form that clients use to file their individual tax returns.

Let's just take a moment for a quick knowledge check. Here's a list of items, and I'd like you to take a look and see which of the following would not qualify as an exemption from health coverage.

While we're waiting for a response, let's take a look at what's coming in. It looks like most of you chose "Uninsured January through April 2017." About 44% of you, almost 50% of you. Oh, going up. Almost 60% of you. Are you changing your responses? Very tricky.

All right. So, basically, that's right. We did go over short-term gaps in coverage. And, again, a short-term gap is one that lasted less than three consecutive months. The January to April option was tricky. It shows a gap of four months, which would not qualify.

All right. So, before we wrap up this section of the webinar on tax filing, we just wanna point out that health coverage is only one piece of the tax filing process. To make sure clients are best prepared to file their taxes, the ACE TA Center consumer tax tool also includes a list of other information they'll need to file a return such as their W-2 and social security number.

I wanna take a brief moment to let you all know that we're going to run over by just a few minutes today in order to take questions. We'll certainly be done on time with the presentation, itself, but I hope that those of you that asked questions and anyone who's interested in hearing responses will stay on the line for just a couple of minutes past the hour so that we can get through the questions that have come in.

Now, let me tell you a little bit about some resources available to help clients file their taxes. First, you can find a list of volunteer income tax assistance, or VITA programs, in your area, searchable by zip code. We're gonna chat out that link for free tax prep through the treasury.

The IRS also provides free tax filing software for people with incomes below ... I think it's around $66,000 this year. You can find those at irs.gov/freefile. Finally, some Ryan White programs offer tax preparation services through their organization or a local partner.

Now, I want to direct your attention to the HIV/AIDS Bureau's 2016 policy clarification notice, 16-02, related to the allowable use of Ryan White program funds. The notice identifies other professional services that may be provided by members of particular professions licensed and/or qualified to offer such services.

Listed under these other professional services are services for income tax preparation to assist clients in filing federal tax returns that are required for all individuals receiving premium tax credits. Ryan White program subrecipients should check with their Part A or Part B program at the state, county or city level to see if these services are available through a Ryan White program in their area.

Okay. Now I'm going to show you a few resources to make it easier for you to communicate information about tax credits and tax filing to your clients.

The first is a short video for consumers designed to be shown in a waiting area or as part of a consumer training session to share some of the key messages around how tax credits help lower the cost of marketplace health coverage and why filing taxes every year is so important. This video is part of our Get Covered series. There are eight videos total, four in English and four in Spanish. They are lighthearted and use an improv style. We'll chat the link to those out, now, too.

I also want to direct your attention to our resource called Stay Covered All Year Long. The purpose of this one is to help you explain what clients need to do to make sure they keep their coverage all year long. For example, most of you probably know of clients that moved on, off or in-between health coverage during the year.

In this fact sheet, we specifically address what clients should do to avoid being dropped from their health coverage, especially through the marketplace during the year. This includes paying premiums on time, reporting changes to the marketplace, and why clients might move between these different sorts of coverage.

We also have a special enrollment period fact sheet, and it's designed to remind Ryan White clients that there are certain life events or special circumstances that allow people to enroll in or change private health coverage outside the open enrollment period. The fact sheet describes each life event or special circumstance that can trigger a special enrollment period.

Okay. So, I think I'm gonna turn it over to Lisel now to see if we can go through a few of the questions that have come in. So, if you haven't already typed in your questions, please go ahead and do that now, and also don't forget to respond to our evaluation form when it pops up at the end. You can use that form to let us know what you thought of today's session, how we can improve our offerings, and share any ideas you might have.

Lisel, what have we through the chat box?

Lisel Lu: Great. So, thank you all for chatting in your questions. The first question Amy is gonna answer, and it is, "If we pay the excess advance premium tax credit repayment under a separate cover to the IRS, does the name, address, social security number have to go on the check, itself?"

Amy Killelea: Yes. That's a good question, and the short answer is yes. Programs who are paying that excess amount back to the IRS on behalf of the clients should include the client's name, their social security number, and it's important to also indicate the portion of the liability that the program is covering.

That amount will be on the check, but let's say that the client owes back taxes or some other penalty associated with his or her taxes. It's important that your check is not going to cover any other liability aside from the premium tax credit reconciliation liability. So, noting that somewhere is also important.

Lisel Lu: Great, thanks. If you can take this next one too, Amy, the question is, "What if the consumer did become Medicaid-eligible but stayed on her plan?" Referring to Charlene's case study.

Amy Killelea: That is a really good question. To take Charlene's case study, let's change the facts and assume that she's in a Medicaid expansion state. So she in fact, yes, based on her income, would have been Medicaid-eligible.

Importantly, there are some protections for consumers in this situation. The short answer is, no, she would not have to pay back those premium tax credits if she never applies for Medicaid, she's not enrolled in

Medicaid, but based on her income, she's found that, retroactively, she would've been eligible for Medicaid. In that scenario, there are rules in place that protects the consumer, the client, in that case.

I do just wanna underscore it is important at the outset, though, you can't choose between Medicaid and premium tax credits. If you're eligible for Medicaid, you are not eligible for premium tax credit. That's important for clients to know just as an education piece, even if there's not a reconciliation implication at tax time.

It may be that Charlene is better served in the Medicaid program because the costs are gonna be lower. She's not paying any premiums in most cases for Medicaid. So, if she's eligible for Medicaid in the middle of the year, that would be an important education opportunity to make sure she's aware of that and understands how to apply.

Lisel Lu: Thank you, Amy. Okay. And just a reminder, if you do have a question, please chat it in. The next question is a participant wants to know is, "When does the application of the individual mandate end?" Molly, do you wanna take that one?

Molly Tasso: Sure. Thanks, Lisel. So, starting with the 2019 tax year, proof of health coverage will be no longer required for federal income taxes. This means that someone won't have to pay a penalty fee if they were uninsured.

But again, as I said earlier, I just want to let people know that a state may enforce its own, individual mandate. So, again, this would be enforced by the state, not the federal government. So, again, Massachusetts has this individual mandate and other states may decide to adopt such a mandate in the future.

Lisel Lu: Great. Thanks, Amy. I mean Molly, sorry.

Okay. Well, those are all the questions that have come in that we can answer right now. With that, I'll hand it back over to Mira.

Mira Levinson: Okay, great. So, I'll just remind everyone to ... Oh, did we have one just pop in, or are we good?

Lisel Lu: There's one that just came in.

Mira Levinson: Hang on, folks. We're gonna take a look at this last question that came in.

I think for this one we'll go ahead and respond to after the call and we'll go ahead and try to stay a little bit closer to the time that we had, but thanks for that late breaking question. We'll follow up with you directly.

I'll just remind everyone to complete the evaluation, sign up for our e-mail list if you haven't already, and feel free to e-mail us any time with questions at acetacenter@jsi.com.

Thanks, everyone, and have a great afternoon. Goodbye.