Mira Levinson: Hello, everyone, and welcome to today's ACE TA Center webinar. I am Mira Levinson, the ACE TA Center's project director and a senior consultant here at JSI. Our goal with the ACE TA Center is to help Ryan White Program recipients and sub-recipients support their clients, especially people of color, to navigate the healthcare environment through enrollment in health coverage and also improved health literacy. One of our responsibilities is to provide clear, understandable, and actionable information and help you implement successful strategies at your organizations.

The ACE TA Center is here for you, to answer your questions and provide information about how to implement any policy changes that may come along. In the meantime, we're conducting a needs assessment to find out how you're doing with regard to helping your clients get enrolled and state covered, and also to help us do some health literacy work. I'll show you how your organization can contribute to that needs assessment at the end of today's session.

Today's webinar is focused on helping clients understand tax filing and health coverage. The deadline for filing individual 2016 tax returns or to request an automatic extension is April 18th. With the tax filing deadline less than two months away some of your clients may need help navigating how to file their taxes and understanding the relationship between tax filing and health coverage. Today we'll show you the basic steps clients need to take, along with the related IRS forms, and that way you can help your clients get through tax season.

By the end of today's session we hope that all of you will have a better understanding of how the health insurance marketplace provides help with the cost of health insurance, which consumers need to file taxes based on the type of health coverage they had in 2016, how tax forms are used to make sure people received the right amount of financial help during the year, and how to find out if a client qualifies for an exemption from the requirement to have health coverage. First we'll 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 had other sources of health coverage might be, like through their employer or through Medicaid, and also if they didn't have coverage at all. That section will also include some case studies. Then, in the last section of today's webinar I'll go over how to figure out if someone's exempt from the requirement to have health coverage and share some sources of assistance in the form of free tax help, as well as a variety of technical assistance resources that can help with the tax filing process.

Today's presenters include Elizabeth Costello and Amy Killelea. Elizabeth is the communications manager for the ACE TA Center, and she has over 12 years of experience in strategic communications and digital media, and she also oversees all of our plain language editing for our consumer and case manager resources. Amy is the director of health systems integration at the National Alliance of State and Territorial AIDS Directors, or NASTAD, and Amy leads NASTAD's health reform efforts, including developing implementation resources, technical assistance for state HIV/AIDs programs, and working on policy recommendations and analysis to inform federal implementation.

Today's webinar will be archived on our TARGET Center webpage. All participants in today's webinar will also receive and email when it's posted, so you can share it with your colleagues. You can also find links at this website for all the tools we're going to present, and if you forget the direct link, you can also find us by going to the TARGET Website homepage or searching the topic library.

Let's start by learning how many of you have already helped clients navigate the tax filing process through a quick poll. How many of you have reminded your clients about the tax filing deadline, referred them to get help filing their taxes, or tried to answer some basic tax questions? Let's take a look at some of the responses as they're coming in. Great. It looks like about two thirds of you have had to do some works with clients around tax requirements in the past, answering questions or making referrals, and about 30% of you have not. We hope today's webinar provides some helpful information and new resources for all of our participants today.

Now, let's take a look at another poll. We'd like to hear from you this time 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 they don't know that they need to file? Is it helping clients find tax filing help? Is it explaining the new IRS forms? Is it talking about reconciling tax credit payments, or something else? If you check other, we'd love for you to chat what other challenges you might be having to us, so that we can get a sense of what other challenges you all are having.

It looks like the majority of responses are in the area of reconciling tax credit payments and also just making sure that clients need to know that they need to file at all. Then we also have some folks that are responding that explaining the new IRS forms is complicated and also helping people find tax filing help. We're going to talk about all of those topics today. Thanks everyone for your responses. Now, I'm going to turn it over to Elizabeth Costello to walk through these connections in more detail. Elizabeth?

Elizabeth C: Thanks, Mira, and good afternoon, everyone. This is the third year that people will be asked about health coverage when they are filing their taxes. Since we usually file taxes just one a year, this is a process that clients still haven't had a lot of experience with, and it can be confusing for all of us. It's important for staff and clients to understand how taxes and health coverage are 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 and second, reconciling tax credits for individuals who had coverage through the marketplace and received an advanced premium tax credit, or APTC.

Tax filing is how individual prove they had health coverage during the last year and if so, what kind of coverage they had. While tax payers are not required to send the IRS information forms or other proof of healthcare coverage when they file their tax return, the IRS does recommend that people keep documents to verify they had coverage, such as a 1095-A, B, or C, explanation of benefits, payroll statements that show deductions for health insurance, and the other forms and documentation listed here.

Later in this session we'll talk more about the 1095-A form, which shows marketplace health coverage and is used to verify the type of health coverage someone had in the prior year, what premiums they paid, and how much advanced premium tax credits they received. In this session we'll also discuss what your clients need to do based on the type of coverage they had last year when they filed their taxes and share an ACE TA Center tool designed to help clients navigate this process.

First, let's quickly go over premium tax credits, or PTC's 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, which are the monthly bill we pay every month to keep our coverage. Individuals may be eligible for a premium tax credit if they have an annual household income between 100% and 400% of the federal poverty level and if they are not eligible for minimum essential coverage through an employer plan, Medicare, or Medicaid. For example, a family of two that makes up to $63,720, according to this chart, would be eligible for PTC's, based on the 2016 FPL. The IRS use the most recently filed tax return to determine the amount of financial assistance someone would receive, which is another important connection between tax filing and health coverage. Because they're only using an estimate, any differences from the income reported in that return would be handled in next year's state taxes through the reconciliation process.

There are two ways to get a premium tax credit. The first, 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 by the marketplace every month. The person or family then pays less for their monthly premium. This is also known as advanced payment of the premium tax credit, or APTC for short. In most cases Ryan White Program clients are required to take the APTC to avoid owing any money to the program in the future. The advantage of APTCs to the client is that they do not have to pay as much out of pocket and then have to 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 return. The person or family then pays their full premium each month and gets the money back at the end of the year, but this option is not recommended by most Ryan White Programs.

After the calendar year ends all clients who received an APTC must file a federal tax return to make sure they received the correct amount of financial help they were eligible for based on their actual income during the year. This process is called tax reconciliation. Amy's going to go into more detail about the reconciliation 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 will need to file a return to find out. Because the government requires that everyone have health insurance, filing taxes also lets the government know a client had health insurance, whether they received a tax credit or not. Also, the cost for coverage and eligibility for financial assistance through the marketplace for the next year open enrollment are based on income filed on that tax return.

I'd like to point out that some clients who received an APTC in 2016 may not have qualified for an APTC for 2017 during this past open enrollment period. That's typically because of the relationship between tax filing and health coverage. To see how the two relate let's look back a year or two. If you had a client who received a premium tax credit in 2016, but did not receive the same premium tax credit, APTC, in 2017, there are a few reasons why this could have happened. First, a change in the client's income or household might have made them ineligible. This could happen if their family size got smaller relative to their income or if they're income increased.

Second, if the client did not file their 2015 taxes, they could have lost their APTC in 2017. We'll walk through that scenario in more detail on the next slide. The third reason a client may have lost their APTC in 2017 is that the client did not check the box on their marketplace application that allows the marketplace to get and use information from other groups, such as the IRS, for their applications. 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 client did not check this box, they did not allow the marketplace and the IRS to then share data, and therefore 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 their report changes link in their marketplace account and check the box, allowing this information sharing between the marketplace and the IRS. If you have a client in this situation, we recommend you encourage them to go back into their marketplace account as soon as possible and check that box to ensure they receive the tax credits they may be eligible for.

The diagram at the top of this slide here shows an example of how tax filing and APTC eligibility are connected. In this example the client was not eligible for an APTC for 2017 marketplace coverage, even though they received an APTC in 2016. If we look back at what happened, we see the client did not file a 2015 federal tax return last year, 2016, to reconcile the APTC they received in 2016. Because the client didn't file their taxes to reconcile the APTC, he will not be eligible to receive an APTC for the next open enrollment period. This is different from the eligibility for the premium tax credit that's determined by income. Amy's going to give another example of this later in the presentation.

I also want to quickly mention another type of financial assistance that isn't connected to taxes, because some of you may be wondering whether cost sharing reductions are related to tax filing as well. Cost sharing reductions also come from the federal government and are given in the form of discounts instead of a tax credit. Cost sharing reductions are applied to existing silver level marketplace plans to reduce out of pocket costs, which include deductibles, copays, and coinsurance, but cost sharing reductions are not connected to taxes in any way, so there's no reconciliation process at the end of the year for CSR's.

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. This tool provides information about who is eligible, how much financial help is available, how PTC's and CSR's are given out, and how clients can apply, among other questions. We'll go ahead and chat the link out to that resource now. ACE has also developed several 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 room or as part of a consumer training session to share some of the key massages 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, and there are eight videos total, four in English and four in Spanish. They're light hearted, and they use an improv style, not to make them boring. We'll chat out a link to those as well now.

Last year we also released 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 for use by clients to use 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 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 the web based tool on their own, but Ryan White Program staff can also help the clients go through the online tool together.

Here is a larger version of the first page of the consumer tax tool. Case managers can talk to their clients about health coverage and tax filing and direct them to the tool, which walks clients through whether or not they need to file taxes, and if so, what steps they need to take, including what documents to have and how to get help filing their taxes. When clients click on, "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 those clients that had marketplace coverage the tool then asked if they received an APTC and explains why they need to file their taxes, either to reconcile their tax credits or to see if they are eligible, if they did not get the APTC. 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 the mail and what to do with those forms. 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 are 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 clients had. Here is a quick look at those fact sheets. The first fact sheet is for clients who had coverage through the marketplace. The second fact sheet is for individuals who had non-marketplace coverage, such as Medicaid, Medicare, CHIP, Tricare, or insurance through an employer. The third fact sheet is written for individuals who did not have health insurance last year.

Later in the webinar Mira will talk more about the tax filing considerations for people that had health insurance outside of the marketplace, as well as for those people who did not have coverage. Now I'm going to turn it over to Amy to discuss the tax reconciliation process in more detail.

Amy Killelea: Great. Thank you. Hi, everyone. I'm going to go into a little bit more detail about premium tax credit reconciliation. I'm going to start with sort of taking a step back and looking at all of the advanced premium tax credit steps to really understand what's required when we get to tax time and we get to reconciliation. You know, the first part of the premium tax credit's lifecycle really does start at marketplace application. We heard a little bit about what that looks like. During open enrollment individuals can apply for, see if they're eligible for advanced premium tax credits based on their income. As we heard, these premium tax credits are available on the first day of your insurance coverage. They're available in advance and ADAP, many of our [inaudible 00:20:11] programs require clients to take these in advance if you're also getting help from ADAP and Ryan White insurance purchasing programs.

The thing that's important to remember about this first step of premium tax credits is that what you're doing a the point of application, when you're applying for eligibility for premium tax credits and figuring out what amount you're eligible for, is you're making a best estimate of what your annual income for that upcoming year. If you're applying December of 2015 for 2016 coverage, you are estimating what your annual income is going to be for 2016. That's important. It's a sort of forward looking estimate. That's step one. You're estimating what your income's going to be. You're going to be determined eligible and for what amount of premium tax credits.

This is probably, for those of you who are case managers and working with clients out there, this is like the first place to start talking about taxes. I think a good rule of thumb throughout is to talk about taxes early and often, so when you're applying for coverage and you're applying for premium tax credits, to make sure that the clients know that they're going to have to file taxes in the year in which they received the premium tax credit. That's our step one on the lifecycle.

Then with move to step two, which is throughout the entire year, throughout the coverage year, it's really, really important for clients to report any changes in circumstance that might impact their APTC eligibility and amount. This could be a change in job. It could be a change in salary, up or down. It could be a change in household size, because somebody got married or had a child. Any changes that are going to change your APTC eligibility and amount, that's got to be reported to the marketplace when it happens in real time.

The reason for that is that at tax time there's essentially a check. It's really a check on what that individual, like going back up to step one, what that individual projected his or her income to be at application time, and then the check is against what his or her income actually was according to the federal tax return. That's why that second step is really important. The best way to ensure that the estimate in step one of what your projected annual income is going to be is the same as what your actual income was according to the IRS is to report changes throughout the year. That's our lifecycle. We're going to go through some of these steps in a little bit more detail.

These are tax forms. Some of these were already talked about. This says tax forms relevant to ADAP, and they are. They're also relevant to anyone who's receiving premium tax credits. The 1095-A, that's probably the most important form, so we're going to go through that in a little bit more detail. That's the form that the marketplace generates, and it's an accounting of the premium tax credits that folks actually received throughout the year. Then you've got your other 1095 sort of alphabet soup, your 1095-B, which is a form sent by the insurer to the insured that's verifying that the individual had coverage, and then your 1095-C, which is sent by an employer to an employee verifying whether that employee had employer based coverage. I'm going to spend a lot of time talking about the 1095 B and C. They're not necessary for filing your taxes, but they may come up as sort of a cross check when you're looking at a person's entire insurance coverage throughout the year, particularly as somebody's going through different forms of coverage throughout the year.

Then you get your form 8962, which we'll talk about. That's an addendum to the tax return. That is like your worksheet that documents the advanced premium tax credit reconciliation. Then we're not going to talk in too much detail about this, but [inaudible 00:23:59] with form 8965, which is an addendum to the tax return, which documents exception to the requirement to have minimum essential coverage. Those are all the tax forms we're going to talk about today. Those are the important ones. Next slide.

Putting it all together. I'm going to walk through sort of some of the most important pieces of the tax filing process, starting with the 1095-A. This is important to know how to identify premium tax credit underpayments and overpayments, with sort of particular attention to where ADAP and Ryan White Programs fit in. Starting with the 1095-A, this, as a reminder, is the form generated by the marketplace, and that's sent out to anybody who received an advanced premium tax credit throughout the year. Everybody should actually right now be receiving these for the 2016 plan year. It's an counting month by month, and it goes through the three columns, what the actual monthly premium amount was for whatever plan the individual was on.

That second column is just the reference plan that's used to calculate the amount of the advanced premium tax credit. Then that third column is the actual amount in advanced premium tax credits that that person got month by month. Sometimes that'll change. If you had a change in income and you reported it to the IRS, that'll look different in January than it does in April, because your income went up or down. This is the first part of the puzzle, and it comes first. This is the first sort of tax document that you get from the marketplace.

Then you get the form 8962, and this is what you sort of have as your worksheet as you're actually filing your taxes, so this is really the linchpin. Clients are going to use this form to do that cross check that we talked about at the beginning. It compares the amount of advanced premium tax credits that that person received throughout the year to the amount in premium tax credits that they were actually owed based on their income at tax time. This is where you do the did we get it right? Did I get the right amount of premium tax credits based on my income? If the answer is no, there's got to be a reconciliation or accounting with the IRS. We'll talk about sort of both those scenarios of underpayment and overpayment.

This form is really important, because it's going to include sort of a step by step guidance to get at that actual owed APTC amount. You've got the relevant boxes on the form in red there. Line 26, that's going to reflect a situation where the individual was paid too little in advanced premium tax credits throughout the year and is owed a refund by the IRS. Maybe this person's income went down throughout the year and they didn't record it to the marketplace, and the IRS as a result under paid that person throughout the year. Now there's a refund. Now the IRS owes that person that money back. Line 29 is the opposite situation, and that's where the individual was paid too much in advanced premium tax credits throughout the year and they owe money back to the IRS. The IRS is not going to let that go. Maybe this person's income went up throughout the year and they did not report it accurately and in a timely way to the marketplace. Now the IRS is going to ask for that money back, because that person was paid too much.

Putting it together, I mean, the final step is your sort of standard IRS 1040 form. This will appear if you file a 1040 [inaudible 00:27:30] or if you file a different form. I've just got the standard 1040 up there. This just puts the information from the form 8962 worksheet together. You've got line 46. That's the situation where a person owes money to the IRS, so they were overpaid throughout the year. They owe that money back. Then you've got line 69. That's the opposite situation. A refund is owed to the tax payer. They were underpaid. An AIDS Drug Assistance Program of Ryan White Insurance Purchasing Program, they're going to look primarily at the 8962 combined with the 1040 to get a sense of did that person get a refund, and we'll talk about why it's important for ADAP to know that, or does that person owe money to the IRS?

An important thing just to remember, an important consumer protection is that, you know, let's say something went really, really wrong and somebody got way too much in advanced premium tax credits, more than they were actually owed because of their income. There's a bit of a safe harbor, an upper limit, to that amount that that person has to then pay back to the IRS. You've got those numbers there. It's a little bit higher than last year. It's based on income, but it's like a backstop and an upper limit to protect consumers from having to pay a whole lot back if something went really, really wrong.

In terms of the HRSA HIV/AIDS Bureau guidance, and most of this I'm not going to do a dramatic reading, because most of this is from the policy clarification notice and is specific to AIDs Drug Assistance Program operations. I'm just going to sort of give you the bottom line here of where ADAP and Ryan White sort of fits into this process. The bottom line is that if ADAP was paying that remaining premium amount after the advanced premium tax credits go into effect ... There's usually an amount left over after the advanced premium tax credit that is the responsibility of the client. ADAP steps into the shoes of the client, and they are paying that premium on behalf of the client.

If it turns out the client was under paid advanced premium tax credits throughout the year by the IRS and is now owed a refund because of that under payment, that refund has to accrue to ADAP, and ADAPs are in fact, according to guidance by HRSA, required to pursue that refund, and that makes sense. ADAPs is stepping into the shoes of the client and paying that premium throughout the year, so they're going to be stepping into the shoes of the client at tax time and pursuing that refund. ADAPs have put in place policies and procedures to do that.

On the flip side, ADAPs are permitted to, but not all do ... This is important to check to see what your ADAP does. They are permitted to assist clients with the tax liability resulting from premium tax credit reconciliation in those other instances where the IRS overpaid the client throughout the year, and so that also makes sense. If the income changes had been accurately and timely reported throughout the year ADAP would have stepped in and increased its ADAP support to cover the increase of premium that the consumer owed. It makes sense to allow ADAP to help make the client whole at tax time. It is very limited. It only covers the tax liability resulting from the premium tax credit reconciliation. If your client has 10 years worth of back taxes, ADAP cannot help in that situation. It is very limited to the premium tax credit reconciliation liability.

Since ADAP, as you know, and the Ryan White Program cannot make payments directly to clients, ADAPs have put in place policies to pay the IRS directly on behalf of the client. It's a little tricky, but I think we're years into this that ADAPs had pretty good policies on that, and they're working with clients to ensure that the payment's processed for the correct tax payer and the correct amount. I would just say check with your ADAP. Policies vary. Find out what the policy in your jurisdiction is.

A quick word about if you did not get a premium tax credit when you enrolled in coverage, so you're just paying through [inaudible 00:31:37], no premium tax credit, you may still be eligible for the tax credit, because like we said, you can take it in advance, but you are allowed to take it as a refund. We do not advise, if you're a Ryan White or ADAP client, doing that, but if your income decreased during the year, you might be eligible for a federal tax refund now, even if you weren't eligible for the tax credit when you applied for coverage. Filing a federal tax return with the 8962 is a way to find out if you are eligible for premium tax credit, so even if you weren't at application.

I'm going to go through very quickly maybe just two of the examples or case studies putting this in practice, but I will just make a note. Taxes are hard. Taxes can be complicated. Case managers are doing a lot of other things. It's not a common practice for case managers to be helping clients fill out their taxes. I think that's important. There are a lot of tax resources. I know that the HBA Center has some links, and resources, and referrals up on their website I would strongly urge practices that refer clients out to different tax prep resources. There are a lot out there. In terms of the case studies I'll go through two very quickly.

This first case study, taxpayer Charlene. This is the refund scenario. This is the scenario of a client applies for marketplace coverage. She's applying in December of 2015. She's doing the estimate of what her income is going to be for the 2016 plan year. She estimates that it's about 230% FPL, $27,000 a year. She gets her APTC amount, and she's good to go. She's in coverage. She's got the APTC, but Charlene, like many people, had a change in life circumstance mid-way through the year. She got a different job, but she didn't report that change throughout the year. When Charlene actually files her taxes for the 2016 tax year her annual income ends up being way lower than it was when she had applied. It ends up being $11,000, which is actually below the federal poverty level. Charlene lives in a non-Medicaid expansion state, so that drop did not push her into Medicaid.

Note, there's a special rule for non-Medicaid expansion state folks. Because Charlene was eligible for the APTCs when she applied, she's actually owed a refund, and there's a calculation based on the minimum expected contribution for the premium tax credit. She's owed a refund, and we'll look into what that looks like on her form. If she's an ADAP client and ADAP has been paying her premiums throughout the year, ADAP is vigorously going to pursue that refund. That's a sort of special situation for someone's income who's income drops 100% of the federal poverty level. Then you see in the form 8962 that that refund shows up right there on line 26.

I'm going to skip Carlos and go to the last one. We'll go to taxpayer Xavior. This is another really important situation. What if you've got a client who just does not file their taxes? Xavior applied for 2016 coverage with advanced premium tax credits in December. His annual income, he had estimated it at $27,000 or about 230% FPL, and then he gets his premium tax credits. He's got his coverage. That's all fine, but when he gets to tax time he just flat out refuses to file his taxes. He does not file his taxes. Well, we know and we heard at the beginning, and just to underscore, a person is not eligible for advanced premium tax credits moving forward if HHS notifies the marketplace that that individual didn't file taxes.

Importantly, he does not lose his taxes on April 16th. He doesn't lose his APTCs rather on April 16th, and he will never lose his marketplace eligibility. With extensions he can file his taxes really up until open enrollment for the next plan year, for the 2017 plan year, and he still has time. Clients should be advised throughout the entire process, "File your taxes. It's not too late, but it will be too late after the open enrollment period closes for the 2017 plan year." That's important. If Xavior doesn't file his taxes, he loses advanced premium tax credits, but he could still be eligible and he is still eligible. He could be still enrolled in a marketplace plan. He just wouldn't have that premium tax credit to help. In the name of time and because we've seen an iteration of this slide, I am going to turn it over to Mira.

Mira Levinson: Okay. Great. Thanks, Amy. I'm going to spend a little bit of time talking about what happens with clients who had other kinds of coverage than marketplace or no coverage at all. Remember when Elizabeth went over the ACE TA Center consumer tax tool a few minutes ago. We're going to just take another quick look at that tool, because there's also questions in there about folks that had other sorts of coverage or didn't have health coverage at all. Let's take a look at the second answer on this screen for clients who had coverage that were other than marketplace, such as Medicaid, Medicare, or employer coverage.

Clients covered by other health insurance, including Medicaid, Medicare, or Tricare, or insurance through their employer, should just go ahead and file their taxes and check that box on line 61 on the IRS 1040 form indicating that they had coverage. They're going to get the form in the mail that Amy was talking about earlier, but they don't need to submit anything. They just need to keep that for their records. For folks who didn't have health coverage last year at all, it's most important to take a look at the length of time they weren't covered. That's because there's something that IRS calls a short coverage gap, which is something that lasts less than three months. If a client had a short coverage gap, they can actually claim an exemption from coverage for that time period, but if they were uninsured for three consecutive months or longer last year, then they would need to take a look and see if they qualify for a different exemption period, because otherwise they might have to pay a fee or a penalty, and that's what we call the individual shared responsibility payment.

Let's take a look now at some of the most common exemptions from health coverage and how clients can apply for these exemptions. There are lots of different exemptions from health coverage that clients can qualify. There's actually a really nice tool on healthcare.gov that you can use to figure out what different circumstances might have happened for any of your particular clients, certain hardships, life events, health coverage or financial status. Clients can log in and determine if any exemptions apply to them. This tool provides step by step instructions to apply for those exemptions, including links to forms they might 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. You can also see that you can get an exemption for living in a non-Medicaid expansion state. There are also income related exemptions, including an explicitly if the lowest price coverage would cost more than a certain proportion of household income or if somebody just is below the income threshold, so they'll below the level that would require them to file. For example, this year a single individual under 65, if they have an income less than $10,350, they don't have to file at all.

You can see that there are other exemptions, like incarceration, certain types of citizen are not lawfully present individuals, and certain groups, tribes, or religious sects who might have objections to insurance. Also, there are hardship exemptions, like homelessness, or facing an eviction, or a shut off notice from a utility company, or experiencing domestic violence. Keep an eye on these things. Even substantial property damage due to certain kids of disasters or extreme medical expenses can qualify for an exemption.

How the client actually gets the exemption depends on the type of exemption, and that's where you should use that healthcare.gov tool. Some exemptions are only provided by the marketplace, and others only by the IRS, and yet others can be obtained either way. Once you get an exemption from the marketplace, you would report it here on IRS form 8965, but if the exemption is something that you get from the IRS, then all you have to do to claim that exemption is report it here on the same form. Clients do not need to call the IRS to get coverage exemptions in advance. Again, once a client gets an exemption from the marketplace, they'll get a unique exemption certificate number that they can report here on this form when they file their taxes.

Now let's take a quick look at the fee or the individual shared responsibility payment. If a person doesn't have health insurance and they don't qualify for an exemption, they may have to pay a fee, and that would be due at tax time as well. If somebody was uninsured in 2016 and didn't get an exemption, then they'll have to pay the fee when they file their 2016 taxes in 2017. Here's a chart showing fee amounts for 2014 through 2017. For example, you can see that it's either based on a percentage amount or a flat dollar amount, whichever is higher. Then there's actually a cap on all of that. There's actually a dollar amount that people can't pay more than. Individuals can only find out the exact amount of the fee by completing their 2016 tax return.

Now, here's another tax tool on healthcare.gov. A few minutes ago Amy went over the 8962 form, the premium tax credits form. Again, that's the form where the client shows how much they should have received in premium tax credits and calculates overpayment or underpayment. You can use this resource if the client had any household or income changes during the year that they didn't report to the marketplace or if you want to have them apply for a 2016 lump sum premium tax credit payment now, either if they didn't qualify before or if they just didn't apply. Some people also use this tool to just look up the cost of their second lowest cost over plan premium to help fill out form 1095-A. Again, this tool can also be used for clients who want to see if they're eligible for marketplace exemptions based on affordability.

Okay. A quick recap of those IRS forms. 1095-A is the health coverage through the marketplace form. Then you use 1095-A to fill out 8962 which is the premium tax credits form. The health coverage exemptions form is form 8965, and then the 1040 is the general form that clients use to file their tax return. Let's take a couple of quick polls, and then I'm going to show you a few resources, and we'll take some questions.

First, just to make sure you all were paying attention, which of the following will not qualify as an exemption from health coverage? In other words, if you're looking for an exemption, which of these are not exemptions? Is it that the cost of the plan in unaffordable compared to their income, that they were homeless during the year, that they were insured between January and April of 2016, or all of the above, or none of the above? Great. Lots of responses coming in. I'll give you guys just a couple more seconds to respond. It looks like about half of you got the right answer, so that's good. We went over a lot of different exemptions, including some related to affordability and housing status, but another exemption is for short term gaps in coverage, which is a gap that's less than three months. This is a tricky one where I was showing you a fourth month period, and so note that a consumer would not qualify for an exemption due to a short term gap if the gap was longer than three consecutive months.

Now, one more quick poll. Believe it or not, I'm going to do a question about the different forms. Let's see how much you guys picked up today. Which of these IRS forms provides proof of health coverage? Okay. Let's see. Actually, the correct answer is C. Oh. It's A, and you all got it right. I just had it wrong in my notes. That's so funny. IRS 1095-A is the correct answer. That's the health coverage through the marketplace form, and it provides information on coverage, premiums paid, and advanced tax credits provided for marketplace plans. Just a reminder that 8962 is for documenting tax credits. 8965 is for documenting health coverage exemptions. The 1040 is the general tax return form.

All right. I just want to point out briefly that health coverage is only one part of the tax filing process, and of course clients also need to put together other types of tools. We have the tax filing taxes and health coverage tool that we've chatted out, and that includes a list of other information people would need to file a return. Now, earlier Amy talked about the importance of finding other resources to help people file taxes, and here's some links. There's a variety of resources to get free tax help through volunteer tax assistance programs. You can go to this website on irs.treasury.gov/freetaxprep to look up tax preparation resources for free tax assistance in your area by zip code.

Then if people want to use free tax filing software and file their own taxes, people can get access to that if their incomes are less than $64,000 a year, so most people you all are working with. Then there are some Ryan White Programs that offer tax prep services through their organization or through a local partner. That would be detailed in this policy clarification notice. If you're wondering, you're welcome to check in with a part A or B program in your area to see if there are any tax prep services available through a Ryan White program in your area.

Before we take a couple questions, I'm just going to remind you that a couple of ACE TA Center tools are available, including our stay covered all year wrong fact sheet and the SEP fact sheet. The stay covered all year long handout, which hopefully all of you have seen before, so this is just a reminder to hand this out. This is the right time of year to be sharing that. The purpose of this handout is to help you explain to clients what they need to do to make sure they keep their coverage all year long, like if they're moving on, or off, or between health coverage, what they should do to avoid being dropped from coverage, and the importance of paying premiums on time, and reporting changes to the marketplace. We also have a special enrollment periods fact sheet, which is designed to remind Ryan White clients that there are certain life events or special circumstances that will allow them to enroll in or change private health insurance outside of open enrollment. The fact sheet goes through all of these different life events or special circumstances that trigger special enrollment periods.

We also have a new space on that TARGET Center called a Community Forum. If you want to participate in that, I know lots of you have been submitting questions just directly to us at ACE TA Center, at jsi.com, or through our webinars, but you can also go to the TARGET Center using the URL on your screen, and you have to create an account, but then you can kind of participate, share questions, resources, offer suggestions, respond to others. Feel free to check that out. That's the new resource from us. Finally, before we get to questions, a reminder about our needs assessment. I'm sure you all have seen our reminders already.

If you haven't already done so, please make sure somebody in your organization is responding to our needs assessment. We want to make sure that you help us build organization's health literacy and health coverage capacity. The assessment should be completed by someone with direct program management responsibilities, as well as knowledge about your organization's efforts in health literacy and in supporting enrollment of clients into health coverage. I promise we'll take your input very seriously as we plan our offerings for the coming year.

Let's take some questions. We've got lots that have come in, so we're going to start at the beginning. Let's go ahead and start with one that says, "What to do when clients go and off an employer health plan during the year or are not offered an employer plan that's affordable, if their employer plan isn't what they need, but that wouldn't allow them to be eligible for tax credits through the marketplace?" Amy, do you want to try that one?

Amy Killelea: Yeah. That's a tough one, and that's a real life experience of a lot of clients. I mean, to be eligible for advanced premium tax credits a person can't be enrolled in employer sponsored coverage or, as this question references, has even access or an offer of affordable employer sponsored coverage that meets a minimum value, that meets a minimum value standard. The federal government defines both what is affordable and what that minimum benefits standard is. The fact of the matter is that for the months that that person was enrolled in or had an offer of affordable employer sponsored coverage, they're just not eligible for APTCs. The federal government defines affordability as costing less than 9.5% of the employee's income, which can still be a lot.

I mean, I think in this case client education about eligibility and changes in circumstances, particularly if you're in a situation where you're offered affordable employer sponsored coverage and you don't enroll, knowing that the sort of ramifications and that you won't be eligible for APTCs, that's really important. I would also just state check with your AIDS Drug Assistance Program. AIDS Drug Assistance Program assistance might be available to help defray the cost of really expensive employer benefits in some cases. ADAP assistance is available as a safety net in all cases, so that's just something to check into to see what your ADAP covers.

Mira Levinson: Great. Thanks. All right. We have another person who's asking, "If somebody doesn't show any income on their marketplace application, and so would be ineligible to get tax credits, would they also get a 1095-A? This person is in a non-expansion state."

Amy Killelea: If an individual didn't receive advanced premium tax credits, they're not going to get a 1095-A. That is for an advance premium tax credit accounting, so it does not apply to people who don't get advanced premium tax credits. In the case of a non-Medicaid expansion state, someone who has an income below 100% FPL, so they're not eligible for premium tax credits of any kind, because they don't meet that income threshold, and they're enrolled in an unsubsidized marketplace plan, so they're not getting any help in terms of premium tax credits, but they're still enrolled in a plan, they're not eligible for APTC, so they're not going to receive a 1095-A. There is no reconciliation process for that person.

Mira Levinson: Great. That was a good question. All right. Here's another one. "My married clients often ask whether they should file taxes jointly or separately. Do you have any suggestions on what I should tell them?"

Amy Killelea: Yes. A very strong suggestion that married clients have to file their taxes jointly to be eligible for APTC. That is a requirement for APTC eligibility. There are very limited exceptions to that rule. The general rule of thumb is that you've got a married client and they're getting APTC is they have to file jointly. They don't have the option to file separately.

Mira Levinson: Great. We have another question about repayment caps. "What about clients who's final 2016 income dropped below 100% federal poverty level, so their marketplace application was accepted when they had an income above 100 FPL, but their final income was lower? Is there any pay back or penalty?"

Amy Killelea: Yeah. That's a really good question, and that is the exact scenario of Charlene that we went through. The bottom line is that there's not a pay back or penalty in this circumstance. If a person applied for marketplace coverage and they have an income over 100% of the federal poverty level, they receive their APTCs throughout the year, but their income at some point drops, such that at tax time when they file their federal tax return their overall income is under 100% FPL, that person doesn't have to pay back for those months that they were under 100% FPL. In fact, that person might be owed a refund, as was the case with our Charlene example. That's an important thing for a consumer to know, an important consumer protection frankly.

Mira Levinson: Now, somebody else wanted to know, "Have there been any changes to the way the individual mandate is being enforced for this tax years?"

Amy Killelea: That is a really good question, because there has been some press on that, but the bottom line to that question is no. The individual mandate remains enforced. In fact, the IRS has come out last week saying that individuals should file their tax returns as they normally would and specifically they should continue to indicate on their tax return, on that line 61, whether they were insured last year, or whether they were exempt from the requirement to have health coverage, and whether they owe a penalty for not having coverage. Nothing in terms of the individual mandate enforcement or the requirements has changed, so folks should continue as they did last year in terms of that requirement.

Mira Levinson: Great. Now, there's a follow up question on the filing married question. Somebody is asking, "Doesn't filing married cause recoupment payment issues if only one of the couple is on ADAP?"

Amy Killelea: Indeed it does. It's hard. That might be a sort of offline follow up, because it gets tricky, but it is not impossible. In fact, if you put the couple's 1095s, or 8962, and their 1040s together, you can figure out which pieces of the premium tax credit reconciliation, overpayment, underpayment, accrues to the client. In many cases ADAPs are paying for an individual plan for the ADAP client, and then let's say the spouse, they're on their own individual plan to make it easier to administer ADAP premium assistance in those cases. That gets very tricky. We can answer more questions about that offline. Point taken, it's tricky, but ADAPs are working with clients for best practices around that.

Mira Levinson: Okay. The person that asked that question, you're welcome to email us at acetacenter@jsi.com, or you can chat to us in the next few minutes, and we'll take a look, and we'll get back to you over email. I think we have time for just about one or two more questions. There's one person that asked, "If a client had foreclosure during the year, but did not request an exemption for not having coverage through the marketplace, can she still claim an exemption through the IRS?" You should go to healthcare.gov exemption tool and take a look, because I would tell you that if the foreclosure issue was a financial hardship and qualified as such, that tool will tell you whether the marketplace can award you that exemption or whether that's something to apply for through the IRS. Either way it would be reported on your IRS tax form. We can chat that back out to the person who asked the question again as well, to make sure that you have that link. That's a great resource.

The last question we'll take today, and actually I think that's all the questions that we've gotten so far, is, "If an individual received medical coverage through the marketplace and had Medicaid, but did not file taxes in 2015, are they not eligible for insurance in 2017?"

Amy Killelea: This is a good question, and this is kind of a good time to look at that handy chart that has sort of each year, the year in which you have coverage and the year in which you're filing taxes. If an individual has marketplace coverage for one year and then the next year ... I'm going to do this out. Let's say they had marketplace coverage for 2015. Then in 2016 they didn't have marketplace coverage. They became eligible for Medicaid. Then we're asking about what happens in 2017. In 2016, that is the tax year. Right? Even though that person moved off the marketplace plan and onto Medicaid, they still have to file their taxes for the premium tax credits that they received in 2015 by April 15th of 2016. We talked about those scenarios where tax payers, clients, just don't do that. Maybe that's that lapse. That person was on Medicaid. They didn't think they had to do their taxes, so they just didn't.

Then they lose Medicaid coverage sometime in 2016, and they want to get back on a 2017 plan. They cannot. They have to file their taxes. That's important. They will not be eligible for premium tax credits, because they haven't filed their taxes to reconcile the 2515 tax year. I will say this question says are they not eligible for insurance in 2017? That's not true. They're eligible for insurance. They're just not eligible for the premium tax credit that helped pay for the insurance.

Mira Levinson: All right. Well, that was a good one to wrap up on. Thank you, everyone, for your great questions. I'll just remind you to keep your webinar window open after this to complete the evaluation when it pops up and to sign up for our mailing list, if you haven't already. As always, if you think of any further questions after this session ends, you can always send us an email at acetacenter@jsi.com, or you can check out those new forums for discussion. We look forward to an ongoing conversation with you all, and stay tuned for a save the date for our next webinar, which we hope will be in April. Thanks, everyone, and have a great afternoon. Goodbye.