

2018 Mandatory Health Insurance Coverage

Under the Affordable Care Act ("ACA"), the federal government, state governments, insurers, employers, and individuals are given shared responsibility to reform and improve the availability, quality, and affordability of health insurance in the United States. The individual shared responsibility provision, also referred to as the individual mandate, calls for each individual to have minimum essential health coverage (known as minimum essential coverage and defined below), qualify for an exemption, or make a payment when filing his or her federal income tax return.

The individual mandate applies to individuals of all ages, including children. Therefore, an adult or married couple who can claim a child or another individual as a dependent for federal income tax purposes is responsible for making the payment if the dependent does not have coverage or an exemption.

ACA Forms:

- Form 1095-A, *Health Insurance Marketplace Statement*. The Health Insurance Marketplace ("Marketplace") sends this form to individuals who enrolled in coverage there, with information about the coverage, who was covered, and when. This form is to be mailed to taxpayers by March 4, 2019. If you purchased health insurance through the Marketplace, you will receive this form and it must be included in your tax return documents given to us.
- Form 1095-B, *Health Coverage*. Health insurance providers (for example, health insurance companies) send this form to individuals they cover, with information about who was covered and when. This form is to be mailed to taxpayers by March 4, 2019.
- Form 1095-C, *Employer-Provided Health Insurance Offer and Coverage*. Certain employers (applicable large employers) send this form to certain employees, with information about what coverage the employer offered. Employers that offer health coverage referred to as "self-insured coverage" send this form to individuals they cover, with information about who was covered and when. This form is to be mailed to taxpayers by March 4, 2019.

Some taxpayers may not receive a Form 1095-B or Form 1095-C by the time they are ready to file their 2018 tax return. While the information on these forms may assist in preparing a return, they are not required. Individual taxpayers should not wait for these forms and file their returns as they normally would.

Steps to determine your 2018 filing requirements:

Did you maintain **minimum essential coverage** for all individuals (taxpayer, spouse, and dependents) for January-December 2018?

If "Yes":

- If you purchased health coverage through the Marketplace Exchange, then you should receive **Form 1095-A**. The 1095-A will be used to determine if you are eligible for the Premium Tax Credit. Or, if you chose to have your advance credit payments sent to your insurer then you are required to file a return to reconcile the credits on Form 1095-A (determined from income provided at the time of enrollment) to the credit you are actually eligible for based on the income reported on the return.

OR

- From one of the options listed below under **minimum essential coverage**.

If "No":

- You did not have the required coverage and will pay the penalty.

OR

- You are exempt from the required coverage and have the documentation to prove the exemption. Please provide that documentation to us.

OR

- You are not sure if you are eligible for exemption. See "**exemptions from coverage**" below or contact our office for additional assistance.

What counts as minimum essential coverage?

1. Employer-sponsored coverage, including self-insured plans, COBRA coverage and retiree coverage
2. Coverage purchased in the individual market, including a qualified health plan offered by the Health Insurance Marketplace

3. Medicare Part A coverage and Medicare Advantage plans
4. Most Medicaid coverage
5. Children's Health Insurance Program ("CHIP") coverage
6. Certain types of veterans health coverage administered by the Veterans Administration
7. Most types of TRICARE coverage
8. Coverage provided to Peace Corps volunteers
9. Coverage under the Nonappropriated Fund Health Benefit Program
10. Refugee Medical Assistance supported by the Administration for Children and Families
11. Coverage through a Basic Health Program ("BHP") standard health plan
12. Other coverage recognized by the Secretary of HHS as minimum essential coverage

Minimum essential coverage DOES NOT include coverage providing only limited benefits, such as the following:

1. Coverage consisting solely of excepted benefits, such as:
 - a. Stand-alone vision care or dental care
 - b. Workers' compensation
 - c. Accident or disability policies
2. Medicaid providing only family planning services
3. Medicaid providing only tuberculosis-related services
4. Medicaid providing only coverage limited to treatment of emergency medical conditions

Exemptions from coverage:

1. Religious conscience. You are a member of a religious sect that is recognized as conscientiously opposed to accepting any insurance benefits. The Social Security Administration administers the process for recognizing these sects according to the criteria in the law.
2. Health care sharing ministry. You are a member of a recognized health care sharing ministry.
3. Indian tribes. You are (1) a member of a federally recognized Indian tribe or (2) an individual eligible for services through an Indian care provider.
4. Income below the income tax return filing requirement. Your income is below the minimum threshold for filing a tax return. The requirement to file a federal tax return depends on your filing status, age and types and amounts of income.
5. Short coverage gap. You went without coverage for less than three consecutive months during the year.
6. Hardship. You have suffered a hardship that makes you unable to obtain coverage, as defined in final regulations issued by the Department of Health and Human Services. Go to <https://www.healthcare.gov/fees-exemptions/exemptions-from-the-fee/> for a list of the HHS exemptions and how to apply.
7. Affordability. You can't afford coverage because the minimum amount you must pay for the premiums is more than eight percent of your household income.
8. Incarceration. You are in a jail, prison, or similar penal institution or correctional facility after the disposition of charges against you.
9. Not lawfully present. You are not a U.S. citizen, a U.S. national or an alien lawfully present in the U.S.

What to do based on exemption claimed:

- Exemptions 1 and 6—complete the applicable form based on the exemption type:
 - Exemption 1-- <https://marketplace.cms.gov/applications-and-forms/religious-sect-exemption.pdf>
 - Exemption 6-- <https://marketplace.cms.gov/applications-and-forms/hardship-exemption.pdf>
- Exemptions 2, 3, 5, 7, and 8—claimed on tax return
- Exemption 4—no return required to be file. No further action needed.

Penalty for Failure to have Minimum Essential Coverage:

A penalty will be imposed on certain individuals who fail to have minimum essential health insurance for themselves and their dependents. This penalty is pro-rated for only months coverage was not maintained. For 2018 tax returns, adults could face a fine of \$695, while the penalty for uninsured children will be \$347.50. The maximum penalty per family is \$2,085 or 2.5% of the total household's filing threshold, whichever is greater.

For more detailed information, please go to <https://www.irs.gov/affordable-care-act/individuals-and-families/>