



# Learning Series

Massachusetts HealthCare Training Forum (MTF)

## Health Connector and MassHealth: Year-end tax filing process

January 6, 2016

# Agenda

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**During this joint presentation from the Health Connector and MassHealth, staff will review the following information:**

- What is the year-end tax filing process and why is it happening?
- What tax forms will members receive from the Health Connector and MassHealth?
- What should members do with the forms?
- When will forms be mailed?
- Where can members find help with tax preparation?

**What is the year-end tax filing process and why is it happening?**

## Taxes and health insurance have two key areas of overlap:

- Individuals can receive federal premium tax credits to reduce their health insurance premiums
  - Households that received advance premium tax credits during the year will have to “reconcile” what they received based on projected income against their actual annual income when they do their federal income taxes
  - Households that did not receive premium tax credits in advance may still claim a premium tax credit when they file their taxes, even if they did not request financial assistance when they applied
- Individuals must enroll in coverage that is available and affordable or pay a tax penalty for being uninsured
  - There are two separate coverage requirements, one federal and one state

# Background (cont'd)



- In Massachusetts, Chapter 58 established an individual mandate, which requires adults in Massachusetts to purchase health insurance if it is affordable to them and meets Minimum Creditable Coverage (MCC) standards
- Federally, the Affordable Care Act (ACA) requires individuals to have health insurance that meets a minimum standard called minimum essential coverage (MEC)
- Each year, consumers are required to provide proof of their enrollment in health insurance coverage on both their **state** and **federal tax returns**

**What tax forms will members  
receive from the Health  
Connector and MassHealth?**

# Coverage Reporting

- **State Coverage Reporting:** Plan sponsors, often employers, must send enrollees evidence of each month during the calendar year in which they were enrolled in MCC for at least 15 days. This report is known as the 1099-HC and is often sent by the health plan rather than the employer
  - **Those enrolled in Commonwealth Care in 2015 with income less than 150% FPL will receive a Form 1099-HC from the Health Connector**
  - **Those enrolled in certain MassHealth programs in 2015 will receive a 1099-HC from MassHealth**
- **Federal Coverage Reporting:** Any entity that provides coverage must send enrollees evidence of each month during the calendar year in which they were enrolled in MEC for at least 1 day. This report is known as the 1095
  - **Health Connector will send Form 1095-A, while MassHealth, Carriers and others will send Form 1095-B**

Next slide provides more detail on all of the 1095 forms, including who sends them and who receives them

# Overview of 1095 Forms



	1095-A	1095-B	1095-C
Who sends it?	State-based or Federal Marketplaces	Carriers, Government programs (Medicare, Medicaid, VA, etc.), small employers	Large employers (more than 50 full-time equivalent employees)
Who receives it?	Individuals enrolled in Qualified Health Plans through the Health Connector or another Marketplace	Individuals not enrolled in a Marketplace or are not employed by a large employer: <ul style="list-style-type: none"> <li>• Employees of small employers</li> <li>• MassHealth members</li> <li>• Individual market enrollees</li> <li>• Federal program recipients (e.g., Medicare, VA, Tricare)</li> <li>• Students</li> </ul>	Employees of large employers
Who does <u>not</u> receive it?	<ul style="list-style-type: none"> <li>• Enrollees in catastrophic plans</li> <li>• Small group health options program (SHOP) enrollees</li> </ul>	People who did not have a plan meeting Minimum Essential Coverage (MEC) standards	People who did not have a plan meeting Minimum Essential Coverage (MEC) standards
What's different from the other 1095s?	Contains APTC amounts and other information needed to determine the correct amount of tax credits the household should have received based on their final income	"Simplest" 1095 because it only shows the months a household had coverage	Contains the same information as the 1095-B, plus information related to any offer of coverage from the employer that could impact the household's eligibility for APTC/PTCs



# Form 1095 vs. 1099-HC



## 1095-A, B and C

- The 1095 forms shows the months the individual met the **federal** rules for minimum essential coverage (MEC)
- May be needed to complete a **federal** tax return
- For questions about the need to fill out a federal tax return, or how they should complete their federal tax return with the **1095 information**, call the **IRS Call Center** at:
  - (800) 829-1040 OR
  - <https://www.irs.gov>

## 1099-HC

- The 1099-HC form shows that individuals met the Massachusetts rules for coverage
- May be needed to complete a state income tax return
- Questions about the need to fill out a Massachusetts state tax return, or about how to complete a state tax return with the **MA 1099-HC information**, should be directed to the **Massachusetts DOR** website at:
  - [www.mass.gov/dor/individuals](http://www.mass.gov/dor/individuals)

# Who gets what form(s)?

## Health Connector members



Program	1095 info	1099-HC info
ConnectorCare	1095-A from the Health Connector	1099-HC from the carrier
QHP with APTC or unsub	1095-A from the Health Connector	1099-HC from the carrier
Catastrophic plan	1095-B from the carrier	1099-HC from the carrier
SHOP	1095-B from the carrier	1099-HC from the carrier
Commonwealth Care	1095-B from MassHealth. All members will receive a form, regardless of plan type.	1099-HC from the Health Connector if they were in PT 2B, 3A, or 3B.  PT 1 and 2A members will not receive a form but may request one if needed

# Form 1095-A



**The Health Connector will send a Form 1095-A to non-group members enrolled in a Health Connector plan for at least one month of 2015.**

- The Form 1095-A has important information about the months each member had health insurance coverage through the Health Connector, including the cost of monthly premiums, and any tax credits received during the year
- The Form 1095-A is used by the member or tax preparer when filing a federal tax return

# Sample Form 1095-A



Form <b>1095-A</b>		<b>Health Insurance Marketplace Statement</b>		<input type="checkbox"/> VOID	OMB No. 1545-2232
Department of the Treasury Internal Revenue Service		▶ Information about Form 1095-A and its separate instructions is at <a href="http://www.irs.gov/form1095a">www.irs.gov/form1095a</a> .		<input type="checkbox"/> CORRECTED	2015
<b>Part I Recipient Information</b>					
1 Marketplace identifier		2 Marketplace-assigned policy number		3 Policy issuer's name	
4 Recipient's name			5 Recipient's SSN		6 Recipient's date of birth
7 Recipient's spouse's name			8 Recipient's spouse's SSN		9 Recipient's spouse's date of birth
10 Policy start date		11 Policy termination date		12 Street address (including apartment no.)	
13 City or town		14 State or province		15 Country and ZIP or foreign postal code	
<b>Part II Covered Individuals</b>					
A. Covered individual name		B. Covered individual SSN	C. Covered individual date of birth	D. Coverage start date	E. Coverage termination date
16					
17					
18					
19					
20					
<b>Part III Coverage Information</b>					
Month	A. Monthly enrollment premiums	B. Monthly second lowest cost silver plan (SLCSP) premium	C. Monthly advance payment of premium tax credit		
21 January					
22 February					
23 March					
24 April					
25 May					
26 June					
27 July					
28 August					
29 September					
30 October					
31 November					
32 December					
33 Annual Totals					
For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.					
			Cat. No. 60703C	Form <b>1095-A</b> (2015)	

# Commonwealth Care



- During the month of January 2015 some members remained in Commonwealth Care plans before transitioning to other coverage
- Those members who remained in a Commonwealth Care plan will receive:
  - 1095-B sent from MassHealth
  - 1099-HC sent from the Health Connector if member was in PT 2B, 3A, or 3B coverage
    - Note: Members who were in Plan Types 1 and 2A will not receive a 1099-HC

# Duplicates and Corrections



- Members may need to update information on their tax forms or members may request a duplicate copy
  - All correction and duplicate requests for Form 1095-A and Form 1099-HC for CommCare plans, should be referred to the Health Connector call center
  - All correction and duplicate requests for Form 1095-B for CommCare plans, should be referred to the MassHealth call center



**MassHealth**

# Who gets what form(s)?

## MassHealth



Program	1095 info	1099-HC info
Temporary Coverage	1095-B from MassHealth	1099-HC from MassHealth
Standard	1095-B from MassHealth	1099-HC from MassHealth, unless household member 18 years and over was <150% FPL all year
CarePlus	1095-B from MassHealth	1099-HC from MassHealth, unless household was <150% FPL all year
CommonHealth	1095-B from MassHealth	1099-HC from MassHealth, unless household was <150% FPL all year
Family Assistance	Varies depending on coverage.	Varies depending on coverage.
Health Safety Net	No form – not MEC	No form – not MCC
Limited	No form – not MEC	No form – not MCC



## Form 1095-B:

- An Internal Revenue Service (IRS) form. It shows the months the individual met the **federal** rules for minimum essential coverage (MEC)
- Different from the **state's** 1099-HC form that has been sent the past several years, and that applies to the **state tax return**. 1095-B is federal and in addition to that form
- The 1095-B form(s) provides information the individual member may need to complete their **federal tax return**
- MassHealth will send the 1095-B to members in February who were covered by MassHealth for at least part of one month in 2015– even if it was only one day of the month
  - By law, MassHealth and the Health Connector will send the individual member's 1095 information to the IRS

# Form 1095-B (cont'd)



Form **1095-B**

Department of the Treasury  
Internal Revenue Service

## Health Coverage

► Information about Form 1095-B and its separate instructions is at [www.irs.gov/form1095b](http://www.irs.gov/form1095b).

VOID

CORRECTED

560115

OMB No. 1545-2252

**2015**

### Part I Responsible Individual

1 Name of responsible individual		2 Social security number (SSN)	3 Date of birth (if SSN is not available)
4 Street address (including apartment no.)		5 City or town	6 State or province
			7 Country and ZIP or foreign postal code
8 Enter letter identifying Origin of the Policy (see instructions for codes): . . . . . ► <input type="checkbox"/>		9 Small Business Health Options Program (SHOP) Marketplace identifier, if applicable	

### Part II Employer Sponsored Coverage (see instructions)

10 Employer name			11 Employer identification number (EIN)
12 Street address (including room or suite no.)	13 City or town	14 State or province	15 Country and ZIP or foreign postal code

### Part III Issuer or Other Coverage Provider (see instructions)

16 Name		17 Employer identification number (EIN)	18 Contact telephone number
19 Street address (including room or suite no.)	20 City or town	21 State or province	22 Country and ZIP or foreign postal code

### Part IV Covered Individuals (Enter the information for each covered individual(s).)

(a) Name of covered individual(s)	(b) SSN	(c) DOB (if SSN is not available)	(d) Covered all 12 months	(e) Months of coverage												
				Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
23			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 60704B

Form **1095-B** (2015)

For 2015, each covered individual will receive a separate Form 1095-B from MassHealth.

# Form 1095-B (cont'd)



- Part II of form 1095-B will be blank
- In Part IV of Form 1095-B, a box with a checkmark will indicate each month or part of a month that the individual had MassHealth coverage in 2015

Part IV Covered Individuals (Enter the information for each covered individual(s).)															
(a) Name of covered individual(s)	(b) SSN	(c) DOB (if SSN is not available)	(d) Covered all 12 months	(e) Months of coverage											
				Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
23			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 60704B Form 1095-B (2015)


- The individual member will need the information in form 1095-B if they have to complete a **federal** income tax return

**Please note:** For 2015, each covered individual (not household) will receive a separate Form 1095-B from MassHealth

# 1095-B Questions

## Who to contact if you have questions:

- For questions you or your client/patient have about whether they need to fill out a federal tax return, or how they should complete their federal tax return with the 1095-B information, call the **IRS Call Center** at:
  - (800) 829-1040 OR go on line at <https://www.irs.gov>
- If you or your client/patient have questions about why they received the Form 1095-B from MassHealth or, if they need a duplicate notice, contact the **MassHealth Customer Service Center** at:
  - 1-866-682-6745
  - TTY: 1-800-497-4648 (for people who are deaf, hard of hearing, or speech disabled)



**What should members  
do with these forms?**

# Advance Premium Tax Credits



- For members who received Advance Premium Tax credits (including everyone enrolled at any time in a ConnectorCare plan) or if a member plans to claim a premium tax credit, the information on Form 1095-A is used to fill out Form 8962 when filing a federal tax return
- Form 8962 helps the IRS figure out if a member received the correct subsidy and determines if a member owes or is owed money
- Form 8962 is submitted to the IRS either electronically or on paper
- Members must file a federal income tax return with information from Form 1095-A if Advance Premium Tax credits were received
  - If members don't file, they will not be able to get tax credits again in the future if they do not reconcile their APTCs

# Complying with the Federal Individual Mandate



- If members had coverage for the full year, they can check a box for full year coverage on their **federal** income tax return
- If they did not have coverage for the full year, they should use the Form(s) 1095 they received to complete Form 8965 with their tax return
- Form 8965 will allow them to report their months of coverage as well as claim exemptions from the penalty
- If a member needs to apply for an exemption from the federal mandate, they should go to [healthcare.gov/exemptions](https://healthcare.gov/exemptions) BEFORE they file their return
  - This website has application instructions as well as a screening tool to help identify potential exemptions
  - Individuals who want to claim an exemption from the federal mandate due to financial hardship must have their exemption number to include on their return. That means they must apply to CMS for an exemption and receive their approval before filing their return
  - Individuals can file for an extension while CMS processes their application, or they can pay the penalty when they file and amend their return if CMS approves their request

# Complying with the State Individual Mandate



- If members had coverage for the full year, they can check a box for full year coverage on their **state** income tax return
- If they did not have coverage for the full year, they should use the Form(s) 1099-HC they received to complete Schedule HC with their tax return
- Schedule HC will allow them to report their months of coverage as well as claim exemptions from the penalty
- If a member needs to apply for an exemption from the state mandate, they can indicate their wish to appeal when they file their taxes
  - The Department of Revenue will send them a letter asking for more proof of their hardship, which the Health Connector will review
  - No penalty will be assessed until the Health Connector has made a decision



**When will forms be mailed?**

# Important Dates



Dates	Action
Late January	1099-HC forms sent to CommCare members who had coverage for the month of January 2015
	1095-A forms sent to all QHP and ConnectorCare members
Early Feb	1099-HC forms will be sent to certain MassHealth members
	1095-B forms will be sent to certain MassHealth and CommCare members
March 1 <sup>st</sup>	Individuals are encouraged to report any corrections to 1095 or 1099-HC forms to the Health Connector and MassHealth by 3/1 to allow corrections to be processed and new forms to be sent out prior to the tax filing deadline
April 19th	Federal and State Tax filing deadline

## In early January:

- “What to Expect” communications will be sent to members encouraging them to wait to file taxes until all forms are received
  - Emails will be sent to members for which we have addresses
  - Mailers will be sent to members without emails on file
- Health Connector website will have a dedicated tax filing section

[www.MAhealthconnector.org/taxes](http://www.MAhealthconnector.org/taxes)

## Mid to late January:

- Health Connector will send 1099 and 1095 tax forms
  - Cover letters that include a tax filing FAQ will be included with the 1099-HC and 1095-A forms (see sample)
- Call Center IVR will include messaging about filing taxes (mid Jan - end of April)



# Sample “What to expect” Mailer



**Don't file your taxes until you have all of your 2015 health insurance tax forms.**

We will send you a *Form 1095-A* by the **end of January**. Wait until you get this form before filing your federal income tax return.

Remember, **you must file a federal income tax return** this year, even if you haven't had to in the past.

## When can I file my taxes?

We will send you a *Form 1095-A* by the end of January. Wait until you have this form before filing taxes for 2015. If you file without this important information about your health coverage, you may need to file an amended return with the IRS.

## What is *Form 1095-A*?

Your *Form 1095-A* has information about:

- The months you were covered by the Health Connector.
- The tax credit you got in 2015 to lower your health insurance premiums.

Bring your *Form 1095-A* with you when you go to your tax preparer, or have it ready when you prepare your own return.

If you're filing your taxes by paper, you'll use the information from your *Form 1095-A* to fill out *IRS Form 8962* and include with your tax return. If you're filing with online tax filing software, you'll use the information from your *Form 1095-A* to answer questions for *Form 8962*. The questions from *Form 8962* help the IRS know if you got the right amount of tax credit in 2015.



## Are you sure I have to file taxes?

Yes. If you don't file a federal income tax return for 2015, **you won't be able to get help paying for your health insurance again next year**. Even if you didn't have to file in the past because you have low income, you'll need to file a federal income tax return this year once you've received all of your important tax documents in the mail.

## What other health insurance tax forms will I get?

You should expect to get:

Form	1095-A	1099-HC
Sent by...	Health Connector	Your insurance company
Use it for your...	Federal income tax return	State income tax return

If you were enrolled in Commonwealth Care for January 2015, you should also expect to get:

Form	1095-B	1099-HC
Sent by...	MassHealth	Health Connector
Use it for your...	Federal income tax return	State income tax return

You may get more forms if you also had health insurance through another source in 2015, such as a job.

**For more information, go to [www.MAhealthconnector.org/taxes](http://www.MAhealthconnector.org/taxes)**

Will be sent to members without emails on file:

Key messages:

- Don't file your taxes until you have all of your 2015 health insurance tax forms. We will send you a *Form 1095-A* by the end of January. Wait until you get this form before filing your federal income tax return.
- Remember, you must file a federal income tax return this year, even if you haven't had to in the past.



**How to find help with tax  
preparation in your  
community**

# VITA and TCE



- **The Volunteer Income Tax Assistance (VITA)** program offers free tax help to people who generally make \$54,000 or less, persons with disabilities, the elderly and limited English speaking taxpayers who need assistance in preparing their own tax returns. The IRS-certified volunteers are able to provide free basic income tax return preparation with electronic filing to qualified individuals
- In addition to VITA, the **Tax Counseling for the Elderly (TCE)** program offers free tax help for all taxpayers, particularly those who are 60 years of age and older, specializing in questions about pensions and retirement-related issues unique to seniors. The IRS-certified volunteers who provide tax counseling are often retired individuals associated with non-profit organizations that receive grants from the IRS
- Before going to a VITA or TCE site, see [Publication 3676-A](#) for services provided and check out the [What to Bring](#) page to ensure you have all the required documents and information our volunteers will need to help you
  - Note: available services can vary at each site due to the availability of volunteers certified with the tax law expertise required for a particular return

# Finding a VITA or TCE Site Near You



- VITA and TCE sites are generally located at community and neighborhood centers, libraries, schools, shopping malls and other convenient locations across the country
- **To locate a VITA or TCE site, use the VITA Locator Tool or call 800-906-9887**
- At select tax sites, taxpayers also have an option to prepare their own basic federal and state tax return for free using web-based tax preparation software with an IRS-certified volunteer to help guide them through the process. This option is only available at locations that list “Self-Prep” in the site listing <http://irs.treasury.gov/freetaxprep/>



# Finding an AARP TCE Tax-Aide Site



- A majority of the TCE sites are operated by the AARP Foundation's Tax Aide program
- To locate the nearest AARP TCE Tax-Aide site between January and April use the **AARP Site Locator Tool** or call 888-227-7669

<http://www.aarp.org/applications/VMISLocator/searchTaxAideLocations.action>

# Helpful IRS Resources

- Affordable Care Act (ACA) Tax Provisions
  - <http://www.irs.gov/Affordable-Care-Act>
- Individual Shared Responsibility Provision
  - <https://www.irs.gov/Affordable-Care-Act/Individuals-and-Families/Individual-Shared-Responsibility-Provision>
- Fact Sheet on Individual Responsibility
  - <http://www.irs.gov/pub/irs-pdf/p5156.pdf>

# Key Takeaways



## Please keep this information in mind as you work with consumers to help them apply for health insurance coverage:

- Both Massachusetts and the Federal government have a requirement for individuals to have coverage if it's affordable
  - There are important differences in how Massachusetts and the Federal government have structured their requirements that may be confusing for consumers
- Filing taxes has implications on a consumer's eligibility for Advance Premium Tax Credits (APTC), including the ConnectorCare program. If members don't file, they may not be able to get tax credits again in the future if they do not reconcile their APTCs
- An applicant's tax filing status also impacts their ability to receive tax credits (Example, married couple must file taxes jointly to receive APTCs)
- Keeping the state informed about any changes a member has, such as income, job loss or change, marriage or pregnancy, will help minimize any unanticipated responsibilities when taxes are reconciled



**Questions?**