

In 2014, individuals were required to maintain minimum essential health coverage throughout the year or pay a penalty (in most cases) when they file their 2014 tax return.

Requirement to buy health insurance coverage

Q. Is there anyone who doesn't have to buy health coverage?

- A.** Yes. People in the following groups don't have to pay a penalty for not having health coverage:
- Individuals with a religious conscience exemption (applies only to certain faiths)
 - Incarcerated individuals
 - Undocumented aliens
 - Individuals who cannot afford coverage (that is, the individual's required contribution exceeds 8 percent of household income)
 - Individuals with a coverage gap of less than three months
 - Individuals in a hardship situation (as defined by the Secretary of Department of Health & Human Services)
 - Individuals with income below the tax filing threshold
 - Members of a health care sharing ministry
 - Members of Indian tribes

Q. Are children required to be enrolled in health coverage?

- A.** Yes. Each child must have minimum essential coverage or qualify for an exemption for each month in the calendar year. Otherwise, the adult or married couple who can claim the child as a dependent for federal income tax purposes will generally owe a penalty for the child.

Q. Are senior citizens required to buy health coverage?

- A.** Yes. Senior citizens must have minimum essential coverage or qualify for an exemption for each month in a calendar year or pay the penalty. Both Medicare Part A and Medicare Part C (also known as Medicare Advantage) qualify as minimum essential coverage.

Q. What is minimum essential coverage?

- A.** Coverage from any of the following would be considered minimum essential coverage:
- Government-sponsored programs including: Medicare, Medicaid, Children's Health Insurance Program coverage, TRICARE, coverage through Veterans Affairs, and Health Care for Peace Corps volunteers
 - Employer-sponsored plans, including continued coverage under COBRA or similar state laws, retiree plans, grandfathered plans and other plans offered in the small or large group market
 - Individual market plans
 - A qualified health plan offered by an Exchange
 - Student health insurance plans (although after 2014, self-insured student health plans will have to be certified by HHS as minimum essential coverage).
 - Other coverage designated as minimum essential coverage by the Department of Health & Human Services and/or the Treasury

Filing 2014 Tax Returns

Q. I maintained my health insurance coverage last year, what do I need to do to avoid paying the penalty?

- A.** Individuals who maintain coverage throughout the entire year will report their coverage on their federal income tax return by simply checking a box. Individuals who can claim an exemption must file IRS Form 8965 to either report the exemption provided by an Exchange, or claim an exemption through their tax form. Individuals who had short coverage gaps (under 90 days) should not check the box on their federal income tax return, but instead report the exemption and submit IRS Form 8965 to report the exemption.

If for any month an individual or a member of their tax household did not have health care coverage or an exemption, the Form 8965 instructions provide the information needed to calculate the payment that will be reported on the federal income tax return.

Q. What do I do if I did not maintain my health insurance coverage in 2014 and did not qualify for an exemption?

- A.** Individuals who didn't have minimum essential coverage in 2014 or who don't have an exemption may have to pay the penalty when they file their federal income tax return in 2015.

For 2014, the payment amount is the greater of 1 percent of the household income above the taxpayer's filing threshold, or \$95 per adult plus \$47.50 per child (limited to a family maximum penalty of \$285). This payment is capped at the cost of the national average premium for the bronze level health plan available through the Marketplace. The penalty amount increases annually.

Q. I am receiving a premium tax credit, what do I need to do when I file my taxes?

- A.** Individuals claiming the premium tax credit, including those who received advance payments of the premium tax credit, must file a federal income tax return for the year and attach Form 8962, Premium Tax Credit (PTC).
- If you received advance payment of the premium tax credit, you will need to reconcile those payments with the amount of premium tax credit you are actually allowed on your federal income tax return.
 - If you are allowed more in premium tax credit than you received in advance payments, you will be able to reduce your tax payment or receive a refund. If you are allowed less in premium tax credit than you received in advance payments, you will have to repay that amount in either an increased tax payment or decreased refund amount.

Early in 2015, individuals who bought health insurance through an Exchange will receive Form 1095-A, Health Insurance Marketplace Statement, which includes information about their coverage and any premium assistance received. Form 1095-A will help individuals complete their tax return.

Q. How do I claim an exemption from the individual mandate when I am filing my taxes?

- A.** Individuals claiming an exemption, or reporting an exemption granted by an Exchange, will file Form 8965 with their federal income tax return.

Q. Where can I find more information?

- A.** For more information about the premium tax credit or the individual shared responsibility payment, visit IRS.gov/aca.

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