



## Frequently Asked Questions - Filing Taxes

### 1. I enrolled in a health plan through Vermont Health Connect. How will this impact my tax filing?

If you had individual or family coverage through a Vermont Health Connect carrier anytime in 2014, you will receive a form from Vermont Health Connect called a 1095-A. It will be sent in the mail to you by the end of January. They will be sent by mail only, so they will arrive soon after that. The 1095-A reflects your tax credit information and will be used for federal tax filing purposes only. You may have earned tax credits just by enrolling in a Qualified Health Program (QHP) through Vermont Health Connect and those may be due to you at tax filing time. If you have questions about the information on your form, you can call Vermont Health Connect at 1-855-899-9600 (toll-free).

### 2. Why do I need to prove health coverage this year?

The Affordable Care Act states that all Americans are responsible for their own health insurance coverage, and provides options for choosing affordable health coverage. As part of the Affordable Care Act, everyone is required to either have health coverage or pay a shared responsibility fee.

### 3. I had health coverage in 2014, but it's not through Vermont Health Connect. Do I need to do anything to prove coverage?

For most people, all you need to do is check a box when you file taxes, reporting that you had health coverage. If you had health coverage, just make sure your coverage meets federal guidelines for minimum essential coverage. A short coverage gap of less than three months is allowed, as are any coverage gaps before May 1, 2014. If you are not sure your coverage met federal guidelines in 2014, please visit <https://www.healthcare.gov/fees-exemptions/plans-that-count-as-coverage/> to learn more.

You will not be required to send in proof of your health coverage at tax filing time this year. If you are audited, you will need to provide proof at that time.

### 4. What if I didn't have health insurance in 2014?

Starting in May 2014, if you did not have health insurance for a three-month period or more during the year, you might owe a shared responsibility fee, which is a one-time payment at tax filing time. Keep in

mind that one day of health insurance counts for the whole month of coverage! For example, if you were covered for one single day in September, you will be considered “covered” for the month of September.

Under some circumstances, you won’t have to make the payment. For more details, visit <https://www.healthcare.gov/fees-exemptions/exemptions-from-the-fee/>.

The fee in 2014 is \$95 per adult and \$47.50 per child, or 1% of their household annual income, whichever is higher. (Only the amount of income above the tax filing threshold is used to calculate the penalty.) You can visit <http://taxpolicycenter.org/taxfacts/acacalculator.cfm> for more details. Please keep in mind that this fee will increase in future years. For more details, visit <https://www.healthcare.gov/fees-exemptions/fee-for-not-being-covered/>.

## 5. I have heard about a *premium tax credit* that can help pay for my health insurance plan. How does this work?

If you have coverage through Vermont Health Connect with Blue Cross Blue Shield of Vermont or MVP, you very likely applied for advanced payments of premium tax credits when you applied for health insurance. You may use part or all of your credit in advance, by applying it as a discount to your monthly premiums throughout the year. If you apply your tax credit as a discount to your monthly premiums, it is called an *advanced payment of premium tax credit*, or *APTC*. Any of your tax credit you did not use in advance is due back to you by the Internal Revenue Service (IRS) when you file your taxes at the end of the year.

## 6. How do I qualify for a premium tax credit?

You might qualify for a premium tax credit if:

- you are a U.S. citizen or legally residing immigrant receiving health coverage through Vermont Health Connect, *AND*
- your income is below 400% of the federal poverty level, *AND*
- you do not qualify for Medicaid or Dr. Dynasaur, *AND*
- you do not have access to other affordable health insurance that meets new coverage standards.

For details about access to other insurance, visit

<http://info.healthconnect.vermont.gov/ESICalculator> for affordability details, and <https://www.healthcare.gov/fees-exemptions/plans-that-count-as-coverage/> for minimum essential coverage details.

## 7. How is my tax credit amount calculated?

Your tax credit is calculated based on the size of your household and income that you file in your tax returns. Visit <http://kff.org/interactive/subsidy-calculator-2014/> to learn more.

## **8. How might my tax credit change throughout the year?**

Your 2014 advanced premium tax credit (APTC) is initially calculated as an estimate based on the income and household size in your health insurance application. If you had a big life change after getting health insurance (for example, had a baby or changed jobs), it may have changed your income, household size or eligibility for APTC. If so, your premium tax credit will likely change and you will complete a process called *reconciliation* when you file your taxes.

You can report a change to Vermont Health Connect anytime, and should do so within 30 days of the change. After your change is processed, the advanced premium tax credit amount will be recalculated starting the first day of the following month. Vermont Health Connect will send you a revised eligibility statement for tax credits and other subsidies. You can even request to apply a smaller portion of the premium tax credit in advance if you are concerned about what you may owe at tax filing time.

## **9. What happens if my income is different when I file my taxes for 2014 than what I reported on my application?**

If you received advanced payments of a premium tax credit in 2014 and your income or household size has changed, you will have to reconcile differences when you file taxes.

If you made less than you expected by the end of 2014, you may receive a bigger refund from the IRS when you file taxes. Similarly, if you made more than you estimated when you enrolled, you may receive a smaller refund or owe money back to the Internal Revenue Service (IRS) when you file taxes. The same kinds of adjustments apply if your household structure changed. If your household grew or shrank from the time you enrolled, the difference will determine the amount you either receive or owe the IRS. Report any significant changes in income by calling Vermont Health Connect at 1-855-899-9600 (toll-free).

## **10. I received my 1095-A, and the amounts on the form do not match what I have on my own records. What do I do?**

If your advanced premium tax credit reflects a different total than you believe you received during the 2014 year, call Vermont Health Connect at 1-855-899-9600 (toll-free). Customer service representatives can access your account information and help you find a solution. Note that the amount of APTC on your 1095A may be different than the amount shown on your monthly insurance bill because the 1095A reports by tax household, not insurance household.

## **11. How does my advanced premium tax credit get reconciled when I file taxes?**

If you received an advanced premium tax credit (APTC) in 2014 to help pay for your health insurance premium, the tax credit will be reconciled when you file your 2014 taxes in 2015. Vermont Health Connect will mail you an official information statement of your total tax credits, which will be sent on or before

January 31, 2015, to arrive soon after that. You can use the information on this form, called a 1095-A, to complete Form 8962 and file your 2014 tax return.

Instructions for filing, including specifics on how to apply the premium tax credits, will be updated on [www.irs.gov](http://www.irs.gov). Tax preparation professionals and free tax clinics can also guide you through the process. If you believe your 1095-A is not accurate, please contact the Customer Support Center at Vermont Health Connect by calling 1-855-899-9600 (toll-free).

Married couples must file a joint income tax return for income earned in 2014 when they file in 2015 to qualify for an advanced premium tax credit. Exceptions are available to those experiencing domestic violence, unable to locate their spouse, or filing as head of household due to a separation. Please visit <http://www.irs.gov/pub/irs-pdf/p5187.pdf> for details.

**12. Are there limits to the amount of money I will owe the IRS if I underestimated my annual income?**

Yes. If you made more money than you estimated and owe money back to the IRS, there is a limit on the amount of money you will owe the IRS. Your 2014 income determines this limit. If your income is greater than 400% of the Federal Poverty Limit (FPL, see chart below), there is no cap and you will have to repay the entire amount of the advanced premium tax credit you received in 2014. If your income was higher than you estimated but less than 400% of the FPL, you can find your repayment limits in this chart.

2014 Repayment Limits for Advance Premium Tax Credits				
Household Income as Percentage of Federal Poverty Line (FPL)	Annual Income for an Individual	Maximum Repayment for a Single Person	Annual Income for a Family of Four	Maximum Repayment for Married Taxpayers Filing Jointly
<200%	< \$22,980	\$300	< \$47,100	\$600
200 - 299%	\$22,980 - \$34,470	\$750	\$47,100 - \$70,650	\$1,500
300 - 399%	\$34,470 - \$45,960	\$1,250	\$70,650 - \$94,200	\$2,500
400%+	\$45,960+	Full Amount	\$94,200+	Full Amount

Please note: Income on the chart is Modified Gross Adjusted Income, or MAGI – this includes the income reported on your tax return plus any tax-exempt Social Security, interest, or foreign income. For more information, see the instructions for IRS Form 8962 or <http://info.healthconnect.vermont.gov/repayment>.

**13. Will I have to pay back other financial help (cost-sharing reductions and Vermont Premium Assistance)?**

No. Vermont does not reconcile income at the end of the year. Cost-sharing reductions are not reconciled either. If you receive financial help, you are responsible for reporting any changes in income to Vermont Health Connect in a timely manner. Any changes not reported are subject to the same consequences as other Vermont benefit programs. VPA subsidy is not a tax credit and does not affect tax filing in any way.

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