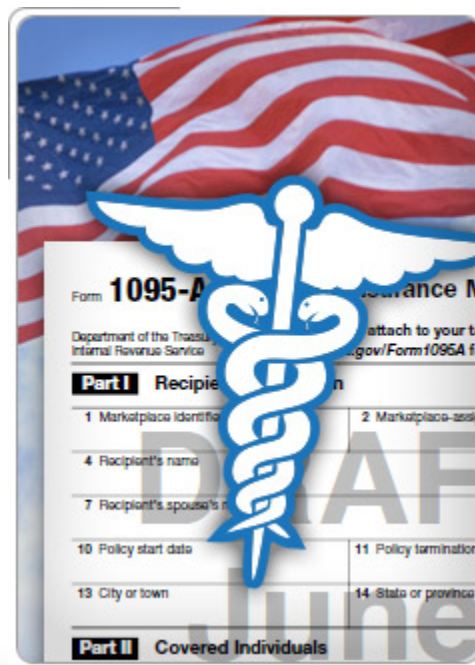




Affordable Care Act (ACA)





About the Affordable Care Act (ACA)

The Affordable Care Act (ACA) changed the existing health insurance market by:

- Prohibiting insurers from denying coverage or charging higher premiums because of an individual's preexisting conditions
- Creating the Health Insurance Marketplace
- Providing a premium tax credit (PTC) that eligible taxpayers may be able to claim on their federal income tax returns



Objectives – Affordable Care Act (ACA)

- Determine who is eligible for the premium tax credit
- Calculate the premium tax credit
- Report taxpayers' premium tax credit on the tax return

Topics



- Form 1095-A
- Premium Tax Credit
- Claiming the Premium Tax Credit
- Calculating the Premium Tax Credit



Key Terms

Definitions are always available in the L< online Glossary.

- Applicable taxpayer
- Family coverage
- Household income
- Marketplace
- Minimum essential coverage
- Modified Adjusted Gross Income (MAGI)
- Premium tax credit

Tax Forms applicable to ACA

These forms may indicate the taxpayer or a member of the tax household had health care insurance from the Marketplace or through an employer, but volunteers should rely primarily on their interview with the taxpayer.

- Insurance Cards
- Form 1095-A
- Form 1095-B
- Form 1095-C

The image displays three overlapping IRS tax forms related to the Affordable Care Act (ACA). The top form is Form 1095-A, titled "Health Insurance Marketplace Statement". Below it is Form 1095-B, titled "Health Coverage". The bottom form is Form 1095-C, titled "Employer-Provided Health Insurance Offer of Coverage". Each form includes instructions on whether to attach it to a tax return and a link to the IRS website for more information. Form 1095-C also includes a table for the "Employee Offer of Coverage" with columns for months (Jan, Feb, Mar, Apr) and rows for "Offer of Coverage" and "Employee Required".

Form 1095-A: Health Insurance Marketplace Statement
Department of the Treasury Internal Revenue Service
Do not attach to your tax return. Keep for your records.
Go to www.irs.gov/Form1095A for instructions and the latest information.

Form 1095-B: Health Coverage
Department of the Treasury Internal Revenue Service
Do not attach to your tax return.
Go to www.irs.gov/Form1095B for instructions.

Form 1095-C: Employer-Provided Health Insurance Offer of Coverage
Department of the Treasury Internal Revenue Service
Do not attach to your tax return.
Go to www.irs.gov/Form1095C for instructions.

Part I Employee

14 Offer of Coverage (enter required code)		All 12 Months	Jan	Feb	Mar	Apr
15 Employee Required						

Premium Tax Credit (PTC)

- Taxpayers may choose to have advance payments of the premium tax credit (APTC) or get all of the benefit of the PTC when they claim the credit
- 1095-A – Taxpayers who purchased health insurance from the Marketplace will receive this form.

Form 1095-A	Health Insurance Marketplace Statement	<input type="checkbox"/> VOID	OMB No. 1545-2232	
Department of the Treasury Internal Revenue Service	► Do not attach to your tax return. Keep for your records. ► Go to www.irs.gov/Form1095A for instructions and the latest information.	<input type="checkbox"/> CORRECTED	2019	
Part I Recipient Information				
1 Marketplace identifier	2 Marketplace-assigned policy number	3 Policy issuer's name		
4 Recipient's name	19			
7 Recipient's state	20			
10 Policy start date	Part III Coverage Information			
13 City or town	Month	A. Monthly enrollment premiums	B. Monthly second lowest cost silver plan (SLCSP) premium	C. Monthly advance payment of premium tax credit
Part II Coverage	21 January			

Premium Tax Credit – Federal Poverty Lines

Federal Poverty Line (FPL) states an income amount considered poverty level for the year and is adjusted for family size.

- There are FPLs for 48 states and D.C., Hawaii, and Alaska
- For tax year 2019 (which uses 2018 FPL amounts), residents of one of the 48 contiguous states or Washington, D.C., 100% of FPL is:
 - \$12,140 for one individual
 - \$16,460 for a family of two
 - \$25,100 for a family of four

Review Pub 4012, Federal Poverty Lines

Claiming the Premium Tax Credit

- [Form 8962](#), Premium Tax Credit, must be filed with the tax return if:
 - The APTC was paid on the taxpayer's behalf or,
 - If APTC was not paid, but the taxpayer wishes to take the PTC
- You should complete Form 8962 only for health insurance coverage in a qualified health plan purchased through a Marketplace. This includes a qualified health plan purchased on HealthCare.gov or through a State Marketplace.
- Certain circumstances, such as divorce, may result in a shared policy and may require a taxpayer to complete Form 8962, Parts IV or V, which are out of scope.

Form 8962	Premium Tax Credit (PTC)	OMB No. 1545-0074
Department of the Treasury Internal Revenue Service	▶ Attach to Form 1040, 1040-SR, or 1040-NR ▶ Go to www.irs.gov/Form8962 for instructions and the latest information.	2019 Attachment Sequence No. 73
Name shown on your return		Your social security number
You cannot take the PTC if your filing status is married filing separately unless you qualify for an exception (see instructions). If you qualify, check the box <input type="checkbox"/>		
Part I Annual and Monthly Contribution Amount		
1 Tax family size. Enter your tax family size (see instructions)		

Calculating the Premium Tax Credit

- [Form 8962](#), Premium Tax Credit is used to calculate the credit and reconcile the advance payment of the credit.
- The second lowest cost silver plan (SLCSP) premium is determined by the Marketplace and included on [Form 1095-A](#).
- Taxpayers can use the information on Form 1095-A to compute their premium tax credit on their 2019 tax return and to reconcile the advance credit payments.

Form 8962 Department of the Treasury Internal Revenue Service Name shown on your return	Premium Tax Credit (PTC) ▶ Attach to Form 1040, 1040-SR, or 1040-NR ▶ Go to www.irs.gov/Form8962 for instructions and the latest information.	OMB No. 1545-0074 2019 Attachment Sequence No. 73
Your social security number		
You cannot take the PTC if your filing status is married filing separately unless you qualify for an exception (see instructions). If you qualify, check the box <input type="checkbox"/>		
Part I Annual and Monthly Contribution Amount		
1 Tax family size. Enter your tax family size (see instructions)		



Calculating the Premium Tax Credit

- Changes in circumstances that can affect the amount of the actual premium tax credit include:
- Increases or decreases in household income
- Marriage
- Divorce
- Birth or adoption of a child
- Other changes in household composition
- Gaining or losing eligibility for government-sponsored or employer-sponsored health care
- Change in address

Appendix A – ACA Practice Exercises

- Review the practice exercises from Publication 4491 Appendix: ACA Exercises
- Example 1 – Premium Tax Credit with APTC
- Example 2 – Premium Tax Credit with APTC for Part-Year Coverage



Summary

- The Affordable Care Act addresses health insurance coverage and financial assistance options for individuals and families, including the premium tax credit (PTC).
- Only taxpayers who purchase qualified health care coverage through the Marketplace for themselves or a family member are allowed a PTC.
- The PTC is calculated and the APTC is reconciled on Form 8962.
- Taxpayers will receive Form 1095-A from the Marketplace, which will contain information necessary to complete Form 8962.
- The PTC is claimed on Form 1040, Schedule 3. Any excess APTC that must be repaid is entered on Form 1040, Schedule 2.
- For the 2019 tax year, the individual Shared Responsibility Payment (SRP) is reduced to zero. Taxpayers who do not have health insurance coverage during 2019 or later do not require an exemption to avoid the SRP.