



Health Reform: **Beyond the Basics**

[healthreformbeyondthebasics.org](http://healthreformbeyondthebasics.org)

**Part IV:**

# **Exemptions and Penalties**

*Tax Year 2017 & Coverage Year 2018*

***Center on Budget and Policy Priorities***

*September 28, 2017*

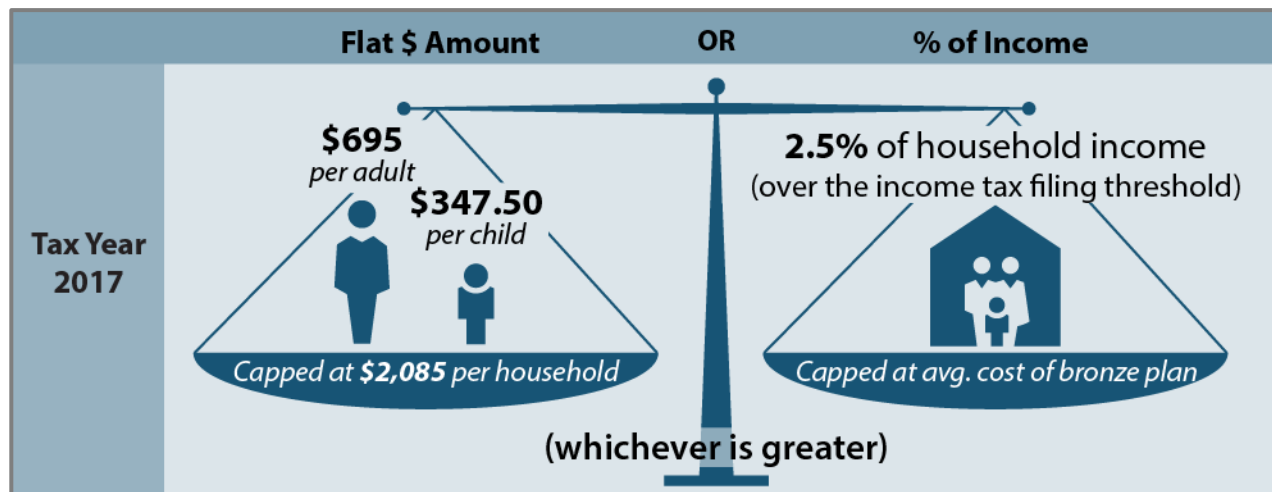
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# Shared Responsibility Payment

*(or Why Exemptions are Important)*

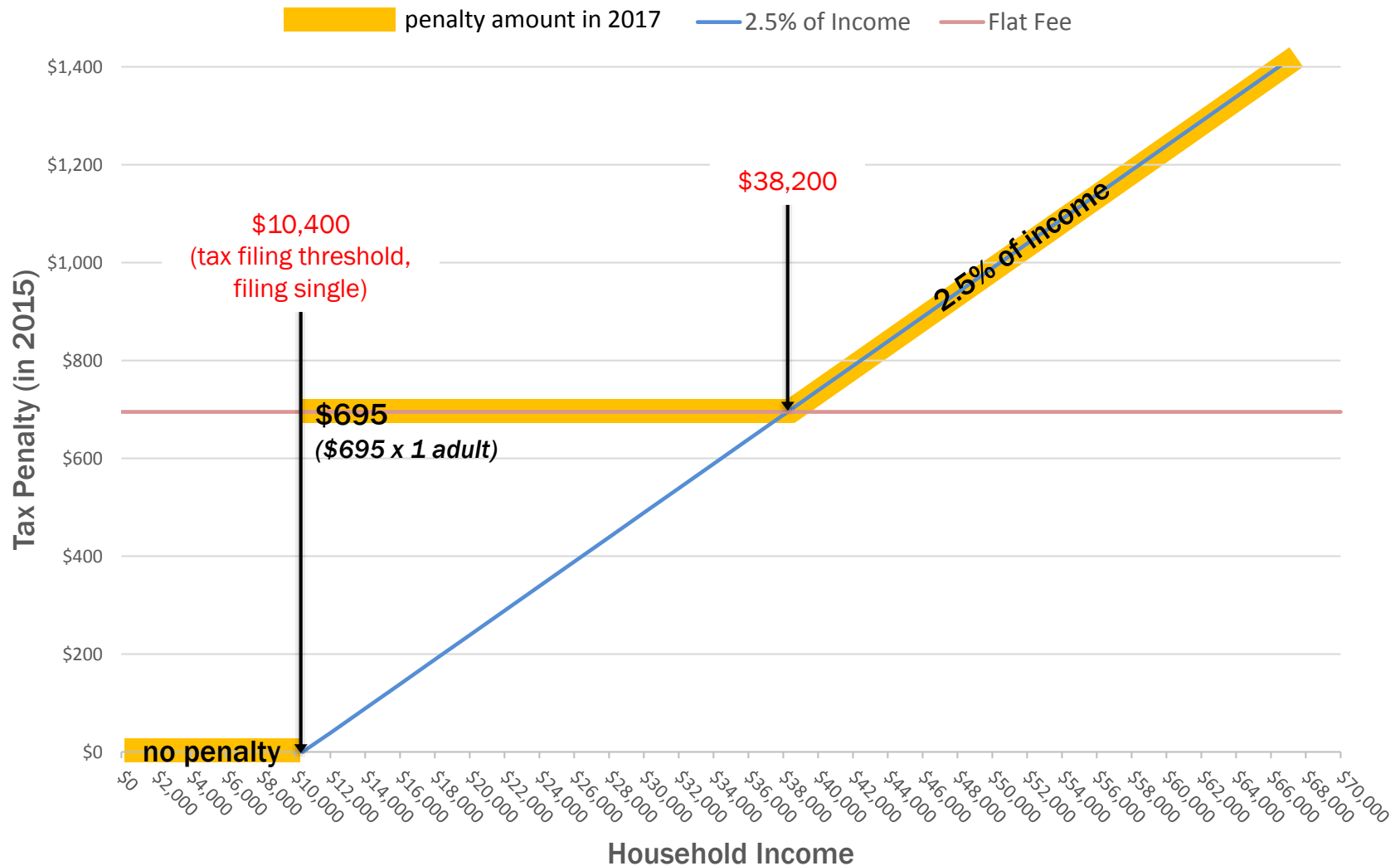
# Individual Shared Responsibility Payment

- Everyone in a household must have minimum essential coverage or an exemption from the coverage requirement
- If they do not, they owe an individual shared responsibility payment, or penalty, for every month they are uninsured
- The flat amount increases each year by a cost-of-living adjustment



# Calculating the Penalty: Filing Single (2017)

4



## Calculating the Penalty

- Income: \$17,000
- Filing Status: Single
- Adults: 1
- Children: 0
- Months uninsured: 12
- Tax filing threshold in 2017: \$10,400



$$\begin{array}{rcl} 1. \$17,000 - \$10,400 & = & \$6,600 \\ & & \underline{\times 2.5\%} \\ & & \$165 \end{array}$$

$$2. \$695 \times 1 \text{ adult} =$$

**\$695**

John's penalty  
for 2017

## Calculating the Penalty

- Income: \$17,000
- Filing Status: Single
- Adults: 1
- Children: 0
- Months uninsured: **7**
- Tax filing threshold in 2017: \$10,400



$$\begin{array}{rcl} 1. \$17,000 - \$10,350 = & \$6,600 & \\ & \underline{\times 2.5\%} & \\ & \$165/12 = \$14 & \end{array}$$

$$2. \$695 \times 1 \text{ adult} = \quad \$695/12 = \$58$$

$$\begin{array}{r} \$58 \\ \underline{\times 7} \\ \text{\textbf{\$406}} \end{array}$$

John's penalty  
for 2017

# Example: Ruiz Family

## Calculating the Penalty

- Income: \$39,500
- Filing Status: Married Filing Jointly
- Adults: 2 (both uninsured)
- Children: 2 (both uninsured)
- Months uninsured: 12
- Tax filing threshold in 2017: \$20,800



$$\begin{aligned} 1. \$39,500 - \$20,800 &= \$18,700 \\ &\quad \times 2.5\% \\ &\quad \mathbf{\$468} \end{aligned}$$

$$2. \$695 \times 2 \text{ adult} + \$347.50 \times 2 \text{ children} = \mathbf{\$2,085}$$

Ruiz family's penalty for 2017

# Example: Ruiz Family

## Calculating the Penalty

- Income: \$39,500
- Filing Status:  
Married Filing Jointly
- Adults: 2 (**one insured**)
- Children: 2 (**both insured**)
- Months uninsured for one adult: 12
- Tax filing threshold in 2017: \$20,800



$$\begin{aligned} 1. \$39,500 - \$20,800 &= \$18,700 \\ &\times 2.5\% \\ &\$468 \end{aligned}$$

$$2. \$695 \times 1 \text{ adult} =$$

**\$695**

Ruiz family's  
penalty for 2017



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# Exemptions

## Two Types of Exemptions

Claim exemptions at tax filing on Form 8965

### Exemptions Granted by the Marketplace:

- Part I of Form 8965
- Must apply for the exemption through the Marketplace (*if granted exemption, will receive an exemption certificate number*)
- Need supporting documentation
- Takes time to process

### Exemptions Granted by the IRS:

- Part II and III of Form 8965
- Can claim these exemptions directly on Form 8965 at tax time
- No supporting documentation needed
- Immediate

**Form 8965** Health Coverage Exemptions

Department of the Treasury  
Internal Revenue Service

OMB No. 1545-0074  
**2016**  
Attachment Sequence No. 75

▶ Attach to Form 1040, Form 1040A, or Form 1040EZ.  
▶ Information about Form 8965 and its separate instructions is at [www.irs.gov/form8965](http://www.irs.gov/form8965).

Name as shown on return \_\_\_\_\_ Your social security number \_\_\_\_\_

Complete this form if you have a Marketplace-granted coverage exemption or you are claiming a coverage exemption on your return.

**Part I Marketplace-Granted Coverage Exemptions for Individuals.** If you and/or a member of your tax household have an exemption granted by the Marketplace, complete Part I.

	(a) Name of Individual	(b) SSN	(c) Exemption Certificate Number
1			
2			
3			
4			
5			
6			

**Part II Coverage Exemptions Claimed on Your Return for Your Household**

7 If you are claiming a coverage exemption because your household income or gross income is below the filing threshold, check here. ☐

**Part III Coverage Exemptions Claimed on Your Return for Individuals.** If you and/or a member of your tax household are claiming an exemption on your return, complete Part III.

	(a) Name of Individual	(b) SSN	(c) Exemption Type	(d) Full Year	(e) Jan	(f) Feb	(g) Mar	(h) Apr	(i) May	(j) June	(k) July	(l) Aug	(m) Sept	(n) Oct	(o) Nov	(p) Dec
8																
9																
10																
11																
12																
13																

For Privacy Act and Paperwork Reduction Act Notice, see your tax return instructions. Cat. No. 37787G Form **8965** (2016)



## Exemptions Granted by the IRS

- Insurance is considered unaffordable (cost is more than 8.05% of *actual* household income for 2018)
- Short coverage gap (less than 3 months)
- Citizens living abroad
- Certain noncitizens
- Members of health care sharing ministry
- Members of an Indian tribe or eligible for services through an Indian health care provider or the Indian Health Service
- Incarceration
- Resident of a state that did not expand Medicaid
- Member of the tax household born, adopted or died
- Household income or gross income is below tax filing threshold

## Exemptions Granted by the Marketplace

- Insurance is considered unaffordable (cost is more than 8.05% of *projected* household income for 2018)
- Religious conscience
- Hardship (financial/domestic circumstances)
  - + Homelessness
  - + Eviction in the last 6 months or facing eviction/foreclosure
  - + Utility shut-off notice
  - + Domestic violence
  - + Recent death of a close family member
  - + Disaster that resulted in significant property damage
  - + Bankruptcy in the last 6 months
  - + Debt from medical expenses in the last 24 months
  - + High expenses caring for ill, disabled or aging relative
  - + Failure of another party to comply with a medical support order for a dependent child who is determined ineligible for Medicaid or CHIP
  - + Through an appeals process, determined eligible for a Marketplace plan or lower costs, but was not enrolled
  - + Determined ineligible for Medicaid because the state did not expand
  - + Individual health insurance plan was cancelled and you believe Marketplace plans are unaffordable
  - + Other hardship in obtaining coverage

- Find out more about applying for an exemption: [www.healthcare.gov/health-coverage-exemptions/forms-how-to-apply](http://www.healthcare.gov/health-coverage-exemptions/forms-how-to-apply)

## Application Forms:

- Hardship Exemption: [marketplace.cms.gov/applications-and-forms/hardship-exemption.pdf](http://marketplace.cms.gov/applications-and-forms/hardship-exemption.pdf) (all states except Connecticut – CT residents: [learn.accesshealthct.com/exemptions](http://learn.accesshealthct.com/exemptions))
- Affordability Exemption: [marketplace.cms.gov/applications-and-forms/affordability-ffm-exemption.pdf](http://marketplace.cms.gov/applications-and-forms/affordability-ffm-exemption.pdf) (FFM states) [marketplace.cms.gov/applications-and-forms/affordability-sbm-exemption.pdf](http://marketplace.cms.gov/applications-and-forms/affordability-sbm-exemption.pdf) (SBM states except CT)

Health Insurance Marketplace

**Application for exemption from the Shared Responsibility Payment for individuals who experience hardships**

Expiration Date: xx/xx/xxxx  
OMB No. 0938-1190

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**Use this application to apply for a hardship exemption from the Shared Responsibility Payment**

- Every person needs to have health coverage or make a payment on their federal income tax return called the "Shared Responsibility Payment."
- Some people are exempt from making this payment. This application is for one category of exemption. You may apply for other categories of exemptions when you file your federal income tax return.
- You don't need to apply for an exemption if you're not planning to file a tax return. If you're not sure if you'll file, you may want to apply for an exemption anyway.

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**Who can use this application?**

- Use this application if you or anyone in your tax household experiences a hardship that keeps you from getting health coverage.** See page 1 following for the list of hardships.
- You can use one application for multiple people in your tax household.
- If you get a hardship exemption, you may qualify to enroll in a catastrophic plan, which offers minimal coverage at a lower cost.

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**What you need to apply**

- Documents that support your claim of hardship. See page 1 following for a list of documents needed for each hardship exemption. The document must:
  - Support the reason you're requesting an exemption, **AND**
  - Include dates showing when you experienced the hardship.

If you can't provide the required documents, call the Health Insurance Marketplace Call Center at **1-800-318-2596** (TTY: 1-855-889-4325).

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**Why do we ask for this information?**

We ask for Social Security numbers and other information to make sure your exemption information is sent to the Internal Revenue Service (IRS) to match your tax return. **We'll keep all the information private and secure, as required by law.** To view the Privacy Act Statement, go to [HealthCare.gov/privacy](http://HealthCare.gov/privacy).

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**Get help with this application**

- Online:** [HealthCare.gov/exemptions](http://HealthCare.gov/exemptions)
- Phone:** Call the Marketplace Call Center at **1-800-318-2596** (TTY: 1-855-889-4325).
- In person:** There may be counselors in your area who can help. Visit [localhelp.healthcare.gov](http://localhelp.healthcare.gov), or call the Marketplace Call Center for more information.
- En Español:** Llame a nuestro centro de ayuda gratis al **1-800-318-2596**.
- Other languages:** If you need help in a language other than English, call **1-800-318-2596** and tell the customer service representative the language you need. We'll provide help at no cost to you.

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NEED HELP WITH YOUR APPLICATION? VISIT [HealthCare.gov/exemptions](http://HealthCare.gov/exemptions), or call us at **1-800-318-2596**. Para obtener una copia de este formulario en Español, llame **1-800-318-2596**. If you need help in a language other than English, call **1-800-318-2596** and tell the customer service representative the language you need. We'll get you help at no cost to you. TTY users should call **1-855-889-4325**.

HARDSHIP

## Example: David

- David lives in Texas, a non-expansion state.
- He lost his job in December 2016 and last January, he asked about enrolling in health coverage for 2017
- He didn't qualify for unemployment benefits and had no income at the time
- He felt really uncomfortable guessing about his income for 2017 because he really didn't know
- He decided to wait and get insurance later
- An assister told him about the exemptions that he appeared eligible for to avoid penalty:
  - In the Medicaid coverage gap
  - Based on his low projected income, insurance is likely unaffordable



# Why Apply for a Marketplace Exemption?

## Example: David

- In May, he got a job and earns \$2,200/month (\$17,600 total earnings for the remainder of the year)
- He still remained uninsured for the year
- At tax time for 2017, David doesn't qualify for any IRS exemptions:
  - ✗ His income is above the filing threshold
  - ✗ Based on year-end income, insurance is affordable (even for the months he had no income!)
  - ✗ His income is greater than 138% FPL (\$16,394 for 2017 coverage year)
  - ✗ No other exemption applies
- On his 2017 taxes, he will owe a \$695 penalty.



**Lesson:** If a person qualifies for an exemption early in the year, claim it!



## Assisters can be most helpful on exemptions that:

- Can be forfeited if the consumer's situation changes over the course of the year (especially for people experiencing temporary job loss or reduced income)
  - ✓ Medicaid coverage gap
  - ✓ Affordability
- Are only claimed through the Marketplace
  - ✓ Hardships
  - ✓ Religious Conscience





## Medicaid Coverage Gap

### Duration:

Ineligible for Medicaid based on state decision not to expand (i.e., in the “coverage gap”)

Entire year

- Exemption for people with income up to 138% FPL
- Applies even though people between 100 and 138% FPL may be eligible for PTCs

### When to Apply:

Apply for Medicaid at any time

### Exemption is automatic if ALL are true:

- Submitted an application via Healthcare.gov
- Was determined/assessed to be ineligible for Medicaid due to the state’s decision not to expand
- Has income under 100% FPL

### Apply for an exemption if EITHER are true:

- Has income between 100-138% FPL (*and submitted an application via Healthcare.gov and was determined/assessed to be ineligible for Medicaid*)
- Received a determination directly from your state Medicaid office



# Example: Medicaid Coverage Gap Exemption

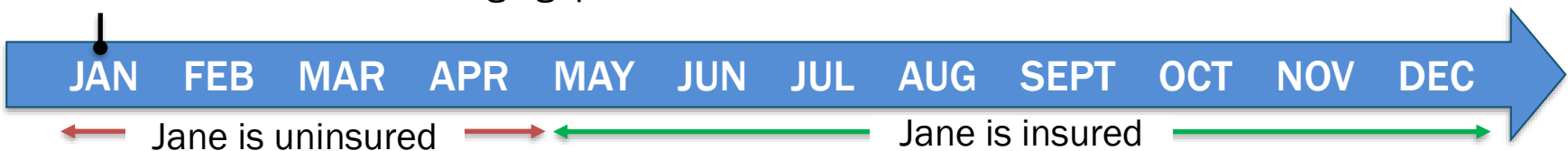
## Jane

- Jane is unemployed until she gets a job that offers ESI
- **Monthly income (May–Dec):** \$2,200 (222% FPL)
- **Annual Income:** \$17,600 (148% FPL)
- **Residence:** Texas



## Scenario: Jane applies for coverage through the Marketplace in 2017

Jane applies for coverage and is denied because she is in the “coverage gap”



### MARKETPLACE EXEMPTION (2017 coverage year):

- ✓ Automatically receives exemption for the year because she applied for Medicaid and received a denial.

### IRS EXEMPTION (2017 coverage year):

- ✗ Can't claim Code G exemption on her tax return because her income is over 138% FPL



# Example: Medicaid Coverage Gap Exemption

## Jane

- Jane is unemployed until she gets a job that offers ESI
- **Monthly income (May–Dec):** \$2,200 (222% FPL)
- **Annual Income:** \$17,600 (148% FPL)
- **Residence:** Texas



## Scenario: Jane does not apply for coverage in 2017

Jane knew she was in the Medicaid “coverage gap” and did not apply for coverage



### MARKETPLACE EXEMPTION (2017 coverage year):

- ✗ Not eligible for Marketplace exemption because she didn't apply for Medicaid while uninsured

### IRS EXEMPTION (2017 coverage year):

- ✗ Can't claim Code G exemption on her tax return because her income is over 138% FPL



The definition of affordability for marketplace enrollment is different from the definition of affordability for an exemption.

## Eligibility for APTC

*despite an offer of employer-sponsored coverage*

**9.56%** (for 2018)



All social security included in household income



Determined based on cost of employee-only coverage (i.e., family glitch)

## Eligibility for Exemption

*despite an offer of employer-sponsored or marketplace coverage*

**8.05%** (for 2018)



Only taxable social security is included in household income



For family members, determined based on family cost





Insurance is Unaffordable (2018 coverage year)	Duration
<p>Lack of affordable coverage based on <u>projected</u> income (&gt;8.05% of household income for 2018)</p> <p><i>What is considered unaffordable coverage?</i></p> <hr/> <p><b>If eligible for an offer of ESI:</b></p> <ul style="list-style-type: none"><li>• <u>For the employee</u>: the lowest cost self-only plan costs more than 8.05% of household income</li><li>• <u>For members of the employee's family</u>: the lowest cost <u>family</u> plan costs more than 8.05% of household income.</li></ul>	<p>Future months in the year. To be exempt for the entire year, apply before the year starts.</p> <p><b>Special rule:</b> Applies regardless of change in circumstances</p>
<p><b>If not eligible for an offer of ESI:</b></p> <ul style="list-style-type: none"><li>• Lowest cost bronze plan (after PTCs) for all non-exempt members of the taxpayer's family costs more than 8.05% of household income</li></ul>	<p><b>When To Apply?</b></p> <p>Apply during open enrollment or during a special enrollment period</p>



## Teresa, Antonio, Gaby and Michael

- Teresa's employer offers ESI for herself and her children
- She is still in her employer's open enrollment period and visits an assister to learn if the marketplace has better options.
- You interview Teresa to determine her eligibility for marketplace coverage.



**Projected household income:** \$47,700

**Employee-only premium:** \$196/month  
(4.9% of income)

**Employee + children premium:** \$392/month  
(9.9% of income)

No spousal coverage is offered

### ELIGIBILITY DETERMINATION NOTICE

- Teresa is not eligible for PTC
- The children are not eligible for Medicaid, CHIP or PTC
- Antonio is eligible for PTC

Teresa is frustrated that she can't enroll her family in a single plan. She asks:

**What happens if we don't enroll?**



Summary of Household Income and Plan Costs	
Household income:	\$47,700
Employee-only premium cost:	\$196/month
Employee + children premium cost:	\$392/month
Spousal coverage:	None



## Is Teresa eligible for an exemption based on affordability?

Does the lowest-cost plan that covers only the employee cost more than 8.05% of household income?

- No, the lowest cost employee-only plan is 4.9% of income
- The plan is considered affordable

**x Not eligible for exemption based on affordability**



Summary of Household Income and Plan Costs	
Household income:	\$47,700
Employee-only premium cost:	\$196/month
Employee + children premium cost:	\$392/month
Spousal coverage:	None



## Are Gaby and Michael eligible for an exemption based on affordability?

Does the lowest-cost plan that covers Gaby and Michael cost more than 8.05% of household income?

- Yes, the lowest cost plan that covers the children is 9.9% of income
- It is considered unaffordable

✓ **Eligible for exemptions based on affordability**

### ***What about Medicaid or CHIP?***

The children's eligibility for Medicaid or CHIP is not taken into account in awarding this exemption.





Summary of Household Income and Plan Costs	
Household income:	\$47,700
Employee-only premium cost:	\$196/month
Employee + children premium cost:	\$392/month
Spousal coverage:	None



## Is Antonio eligible for an exemption based on affordability?

Does the lowest-cost bronze plan covering only Antonio in the Marketplace, after accounting for PTCs, cost more than 8.05% of household income?

- The lowest cost bronze plan available to him is \$2,000 (4% of household income) after taking into account PTCs
- The plan is considered affordable

**x Not eligible for exemption based on affordability**



## Experienced a Hardship

1. *Homelessness*
2. *Eviction in the last 6 months or facing eviction or foreclosure*
3. *Utility shut-off notice*
4. *Domestic violence*
5. *Recent death of a close family member*
6. *Disaster that resulted in significant property damage*
7. *Bankruptcy in the last 6 months*
8. *Debt from medical expenses in the last 24 months*
9. *High expenses caring for ill, disabled or aging relative*
10. *Failure of another party to comply with a medical support order for a dependent child who is determined ineligible for Medicaid or CHIP*
11. *Through an appeals process, determined eligible for a Marketplace plan or lower costs, but was not enrolled*
12. *Determined ineligible for Medicaid because the state did not expand*
13. *Individual health insurance plan was cancelled and you believe Marketplace plans are unaffordable*
14. *Other hardship in obtaining coverage (including for people with limited Medicaid coverage)*

## Duration:

At least one month before and after hardship

## When to Apply:

Up to 3 years after the month of the hardship (but documentation is required in most circumstances so earlier is better)

## Example: Hardship Exemption

### Doug

- Doug had a difficult winter. After failing to pay his electric bill for three months, he received a notice in February that his electricity would be turned off.
- He scrambled to pay the bill and neglected other bills, including his insurance premium. After three months of non-payment his coverage was terminated retroactively.
- Doug can use the utility shut-off notice to apply for a hardship exemption for the time he went without coverage.
- The Marketplace will determine the exact length of the exemption.



For a client that doesn't enroll in coverage, ask:

***What can I do to help this person secure an exemption?***

- The Marketplace affordability exemption is useful when:
  - Members of the household are subject to the family glitch
  - Applicant's self-only ESI is at least 8.05% of income but less than 9.56% (2018 coverage year)
  - Applicant's self-only ESI appears affordable because of the addition of non-taxed Social Security benefits
  - Applicant is between jobs and has difficulty predicting annual income
  - A person over age 30 wants to enroll in catastrophic coverage
- The Medicaid coverage gap exemption is useful when:
  - A person is in the coverage gap, especially if their income may change during the year



At the time of application, consider eligibility for exemptions that **may be forfeited if circumstances change**:

- Medicaid coverage gap exemption
- Affordability exemption

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## NEXT STEP

Does any individual qualify for an **exemption available on the tax return**?

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## NEXT STEP

Does anyone qualify for a **hardship exemption** granted by the Marketplace?

Exemption Type (available on the tax return)	IRS Code
Income below the filing threshold	No Code
Insurance is considered unaffordable	Code A
Short coverage gap ( <i>uninsured for less than 3 consecutive months</i> )	Code B
Certain noncitizens and citizens living abroad	Code C
Health care sharing ministry	Code D
Federally-recognized Indian tribe or eligible for IHS	Code E
Incarceration	Code F
Aggregate self-only coverage is considered unaffordable	Code G
Individuals in a state that did not expand Medicaid	Code G
Months before birth/adoption or after death	Code H

## Income Below Filing Threshold

(No Code)

### Exemption available directly on the tax return for:

- Household income below filing threshold
  - Does not include untaxed Social Security benefits
- Gross income is below the filing threshold
  - Does not include MAGI of a dependent with a filing requirement
- Covers the entire household for the entire year

Tax Filing Status (under age 65)	Tax Filing Threshold (2017)
Single	\$10,400
Head of Household	\$13,400
Married Filing Jointly	\$20,800
Married Filing Separately	\$4,050
Qualifying Widow(er) w/ Dependent Child	\$16,750

### Gloria

- Gloria works several odd jobs over the year and makes \$12,000.
- She and her children remained uninsured all year.
- She wants to file a tax return in order to receive a tax refund (from her withholding and to claim the EITC), but doesn't want to pay a penalty for remaining uninsured for the year.



### Do they qualify for an exemption?

- ✓ YES. Because her income is below the filing threshold (she files as Head of Household), she can check a box on her tax return to claim this exemption for the entire year for her entire family.
  - **Note:** If she does not file a tax return, she is automatically exempt since she earned less than the filing threshold. There is no need to file a tax return just to claim this exemption.

## Short coverage gap

(Code B)

### A coverage gap of less than 3 months (so, 1 or 2 months).

- If the coverage gap is 3 months or longer, none of the months in the gap qualify for exemption.
- But remember that a person is considered to have coverage for the entire month if they have coverage for one day in the month.

*Example 1:* If Bob is uninsured January 20 to April 15, the exemption *does* apply. He is considered insured in January and April so there are only 2 months in the gap.

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NOTE: There is a look-back but no look-forward. Consecutive uninsured months at the end of 2016 count toward a gap at the start of 2017; uninsured months in 2018 do not.

- *Example 2:* If Bob is uninsured Dec 2016, Jan and Feb 2017, he doesn't qualify for this exemption because the gap is not less than 3 months
- *Example 3:* If Bob is uninsured starting in December 2017 and is still uninsured when he is filing his taxes in March 2018, he can claim this exemption for December

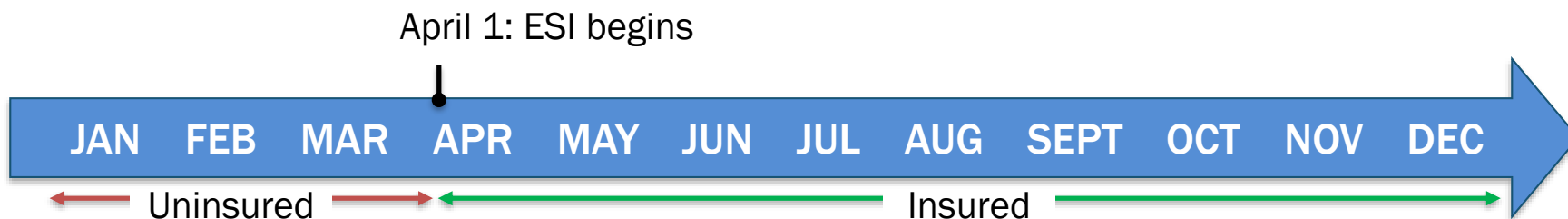
# Example: Short Coverage Gap

## John

- John is uninsured
- He gets a new job in March
- His ESI begins April 1



Is John eligible for this exemption?



- x NO, ineligible for an exemption based on a short coverage gap because the gap is not *less than* three full calendar months



# Example: Short Coverage Gap

But what if...

- John's new job offers ESI that begins March 15



Is John eligible for this exemption?

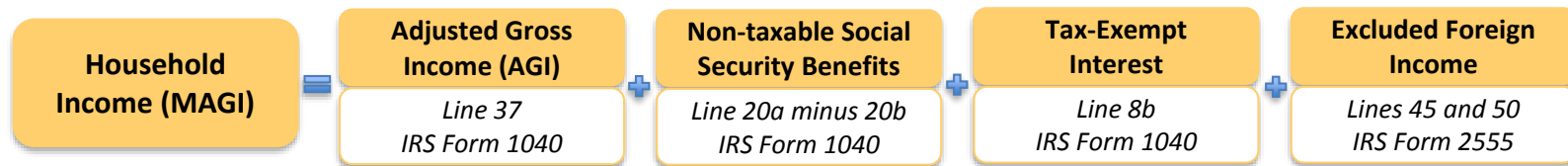


- ✓ YES, eligible for an exemption based on a short coverage gap because the gap is less than three full calendar months (Jan – Feb)

## Resident of a state that did not expand Medicaid

(Code G)

- Individuals who resided at any time during 2017 in a state that did not expand Medicaid, *and*
- Had modified adjusted gross income (MAGI) below 138% FPL



Family Size	138% FPL (2017 coverage year)
1	\$16,394
2	\$22,108
3	\$27,821
4	\$33,534

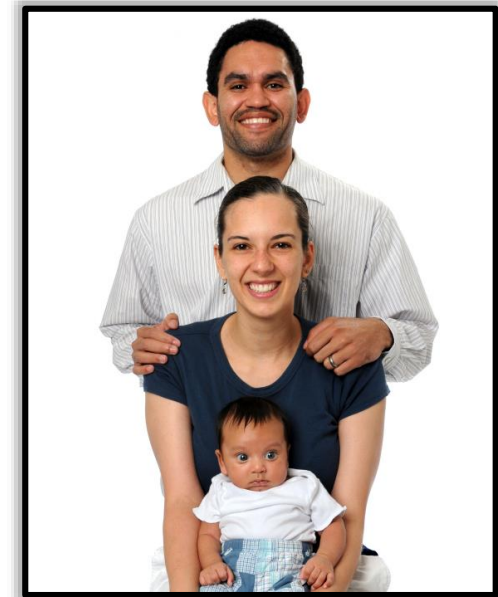
Applies to people who lived at any time in 2017 in one of the following states:

- Alabama
- Florida
- Georgia
- Idaho
- Kansas
- Maine
- Mississippi
- Missouri
- Nebraska
- North Carolina
- Oklahoma
- South Carolina
- South Dakota
- Tennessee
- Texas
- Utah
- Virginia
- Wisconsin
- Wyoming



## Rashid, Miriam and Leila

- Rashid was uninsured for all of 2017
- His wife, Miriam, had insurance all year through her employer
- Leila was born in November and was covered by CHIP
- Household income for 2017: \$25,000 (124% FPL)
- They live in Texas



## Does Rashid qualify for an exemption?

- ✓ YES, Rashid's household income is below 138% FPL and in 2017, he lived in a non-expansion state
  - Rashid qualifies for this exemption for the entire year even if he had other insurance options, such as coverage through his wife's employer or insurance in the Marketplace with PTC

## But what if...

- Rashid, Miriam and Leila moved to Oregon (a Medicaid expansion state) midway through 2017



## Does Rashid qualify for an exemption?

- ✓ YES, Rashid's household income is still below 138% FPL and because he lived in a non-expansion state at some point in 2017, he is still eligible for this exemption
  - Rashid qualifies for this exemption even if he enrolled in Medicaid once he moved to Oregon

## Citizens living abroad and certain noncitizens

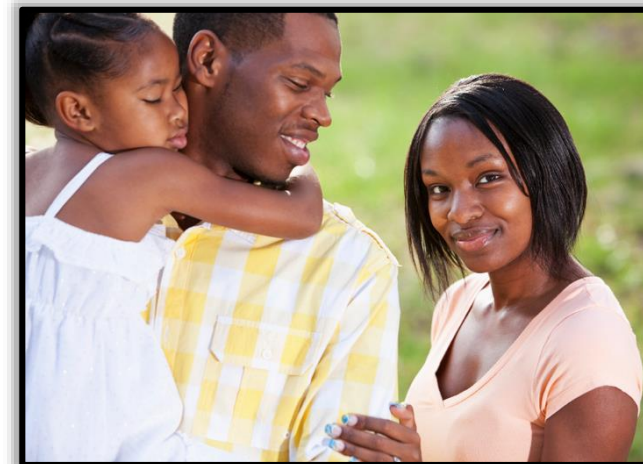
(Code C)

Applies to:

- Individuals who are not U.S. citizens, nationals or lawfully present (e.g., undocumented immigrants)
- Some other citizens living outside of the U.S., residents of territories, and 1040NR (or 1040NR-EZ) filers
- Anyone who does not have an eligible immigration status as defined by the ACA (all eligible statuses listed here: [www.healthcare.gov/immigrants/immigration-status](http://www.healthcare.gov/immigrants/immigration-status))

### Fatima, Nadif and Amina

- Fatima is a Deferred Action for Childhood Arrivals (DACA) grantee (“Dreamer”)
- Her husband and daughter are U.S. citizens



### Is Fatima eligible for an exemption?

- ✓ YES, she will use exemption code C on Form 8965 at tax time

<b>Part III Coverage Exemptions for Individuals Claimed on Your Return:</b> If you and/or a member of your tax household are claiming an exemption on your return, complete Part III.																
	a Name of Individual	b SSN	c Exemption Type	d Full Year	e Jan	f Feb	g Mar	h Apr	i May	j June	k July	l Aug	m Sept	n Oct	o Nov	p Dec
8	Fatima Diallo	990-71-1111	C	X												

## Insurance is Unaffordable (2017 coverage year)

(Code A or G)

- Lowest-cost premium available would have cost more than 8.16% of household income
- Additional exemption available when two family members are eligible for employer-sponsored insurance, if the combined cost of coverage is greater than 8.16% of income

### Which offer of insurance is measured?

#### If eligible for an offer of employer-sponsored insurance (ESI):

- As an employee: the lowest cost self-only plan costs more than 8.16% of household income (Code A)
- As a member of the employee's family: the lowest cost family plan costs more than 8.16% of household income (Code A)
- Two people in the family are eligible for ESI: if both self-only plans are affordable (and no family coverage is affordable) and the combined cost of self-only coverage is more than 8.16% of household income (Code G)

#### If not eligible for an offer of ESI:

- Lowest cost bronze plan (after PTC) for all non-exempt members of the taxpayer's family costs more than 8.16% of household income



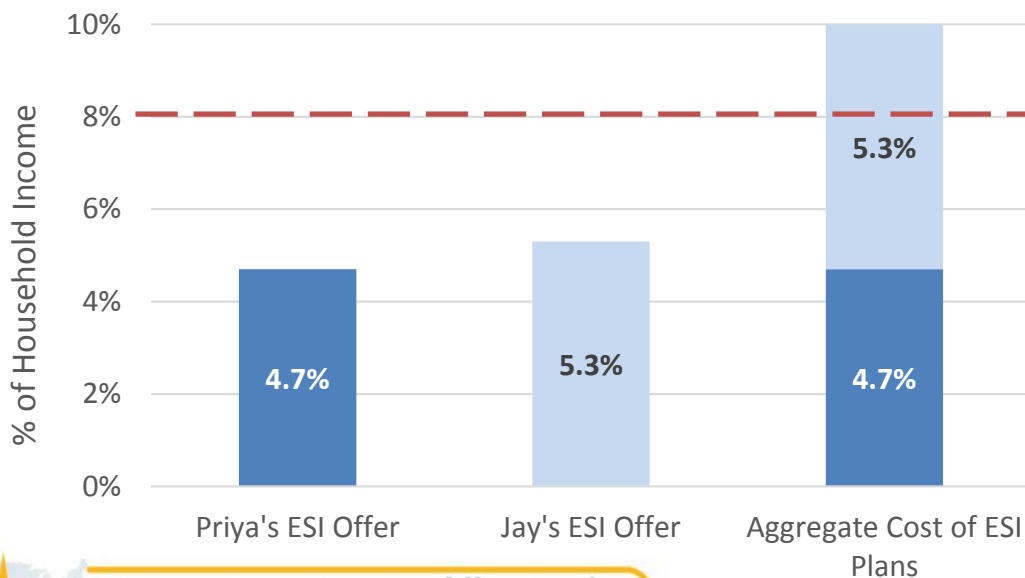
# Example: Aggregate Cost of ESI

## Jay and Priya

- Jay and Priya each have offers of self-only ESI from their employers but no affordable offer of family coverage
- Household Income: \$45,000
- Premium cost for Jay: \$2,400/year
- Premium cost for Priya: \$2,100/year
- Aggregate cost: \$4,500/year



## Are Jay and Priya eligible for an exemption?



✓ YES, eligible for an exemption based on affordability because the aggregate cost of the two offers of ESI is more than 8.16% of income



## Incarceration

(Code F)

- Can be claimed for months someone on the tax return was incarcerated for at least one day of the month
- Incarceration is prison or jail
  - Does not include time in jail pending disposition of charges (i.e., held but not convicted)
  - Does not include probation, parole or home confinement

## Member of an Indian tribe

(Code E)

- Members of federally-recognized Indian tribe
- American Indian, Alaska Native, or spouse or dependent of those who are eligible for services from an Indian health care provider or through the Indian Health Service (IHS)

## Penalty Calculator from Taxpayer Advocate Service:

[www.taxpayeradvocate.irs.gov/estimator/isrp](http://www.taxpayeradvocate.irs.gov/estimator/isrp)

## Exemption Forms:

- All application forms from the Marketplace: [marketplace.cms.gov/applications-and-forms/exemption-applications.html](http://marketplace.cms.gov/applications-and-forms/exemption-applications.html)
  - CT Application: [learn.accesshealthct.com/exemptions](http://learn.accesshealthct.com/exemptions)
  - More info on exemptions: [www.healthcare.gov/health-coverage-exemptions/forms-how-to-apply](http://www.healthcare.gov/health-coverage-exemptions/forms-how-to-apply)

Healthcare.gov Info on Tax Forms and Tools: [www.healthcare.gov/tax-forms-and-tools](http://www.healthcare.gov/tax-forms-and-tools)

## Lookup Tool for Benchmark/SLCSP Cost & Lowest Cost Bronze Plan:

[www.healthcare.gov/tax-tool](http://www.healthcare.gov/tax-tool)

- Tara Straw, [tstraw@cbpp.org](mailto:tstraw@cbpp.org)
- Halley Cloud, [cloud@cbpp.org](mailto:cloud@cbpp.org)
- General inquiries: [beyondthebasics@cbpp.org](mailto:beyondthebasics@cbpp.org)

For more information and resources, please visit:

[www.healthreformbeyondthebasics.org](http://www.healthreformbeyondthebasics.org)

*This is a project of the Center on Budget and Policy Priorities, [www.cbpp.org](http://www.cbpp.org)*