

# FAQ for IRS Tax Form 1095-B

## Overview:

### What is IRS Form 1095-B?

IRS Form 1095-B shows the months that HUSKY Health beneficiaries were enrolled in Medicaid or the Children's Health Insurance Program (CHIP). This form is needed to prepare for filing a federal tax return. When filing taxes, most people are required to report if they had Minimum Essential Coverage (MEC) during the year -- or they must pay an Internal Revenue Service (IRS) federal tax penalty.

### Why will Department of Social Services (DSS) enrollees be sent IRS Form 1095-B?

As a provider of medical coverage, DSS is required by the federal government to send this IRS form to enrollees in the HUSKY Health program.

### What is IRS Form 1095-B used for?

The information on the 1095-B form is used to complete your federal tax return. The information on the form verifies that a person had MEC as required by the Affordable Care Act (ACA).

### What does IRS Form 1095-B look like?

You may see what this form looks like by visiting: <https://www.irs.gov/pub/irs-pdf/f1095b.pdf>.

### When I receive IRS Form 1095-B, do I have to send it to the IRS with my federal tax return?

No. According to IRS guidance, the 1095-B form is not required to be sent to the IRS. DSS will send an electronic file directly to the IRS containing the same information.

## The Importance of MEC:

### What is MEC?

This is the type of health coverage an individual needs to meet the "individual responsibility requirement" under the ACA. Individuals are considered as having MEC for the month as long as they are enrolled in and entitled to receive health benefits under a plan or program identified as MEC (including HUSKY Health) for at least one day during that month.

## **Why is MEC important?**

The ACA requires that MEC coverage health plans pay for at least 60% of medical expenses on average for a standard population. The federal Department of Health and Human Services uses a minimum value calculator for employer plans. Most employer-sponsored plans will easily pass this requirement. For more complicated plans, such as the self-insured market, there is a “safe harbor” checklist that plans can use. In addition, full-coverage Medicaid programs like Connecticut’s HUSKY Health meet the requirements of MEC.

## **What are the different types of MEC?**

- Specified government-sponsored programs (e.g., Medicare Part A, Medicare Advantage, most Medicaid programs, CHIP, most TRICARE programs, and comprehensive health care coverage of veterans).
- Employer-sponsored coverage under a group health plan (including self-insured plans).
- Individual market coverage (e.g., a qualified health plan purchased through the health insurance marketplace [Access Health CT] or individual health coverage purchased directly from an insurance company).
- Grandfathered health plans (in general, certain plans that existed before the ACA and have not changed since the ACA was passed).
- Other plans or programs that the Department of Health and Human Services recognizes as MEC for the purposes of the ACA.

## **About Individual Shared Responsibility and potential tax penalty:**

### **What is the Individual Shared Responsibility provision?**

The individual shared responsibility provision requires you and each member of your family do one of the following:

- Have qualifying health coverage called MEC; or
- Qualify for a health coverage exemption; or
- Make a “shared responsibility payment” when you file your federal income tax return. A shared responsibility payment is also referred to as a tax penalty.

Many people already have MEC and don’t need to do anything more than maintain that coverage and report their coverage when they file their tax returns.

## **What is a health insurance marketplace?**

In Connecticut, health insurance marketplace refers to Access Health CT [www.accesshealthct.com](http://www.accesshealthct.com), where people can purchase medical insurance from multiple insurance companies or apply for insurance affordability programs, including the HUSKY Health program. Under the ACA, Connecticut chose to have its own marketplace rather than use the federal marketplace.

## **Exemptions from meeting MEC:**

### **What is a health coverage exemption?**

The ACA allows certain exemptions for not meeting the MEC requirement. If you meet certain criteria for a tax year, you may be exempt or excused from the requirement to have qualifying health coverage. If you are exempt, you will not have to make a shared responsibility payment (pay a penalty) when you file your federal income tax return. For any month that you do not qualify for a coverage exemption, you will need to have MEC or make a shared responsibility payment.

### **How do you qualify for a health coverage exemption?**

You may be exempt if you meet one of the following criteria:

- The minimum amount you must pay for the annual premiums is more than 8.05% of your household income; or
- You have a gap in coverage that is less than three consecutive months; or
- You will not file a tax return because your income is below the tax filing threshold. The 2018 tax year filing threshold is as follows:
  - Single
    - \$10,400 if under age 65
    - \$11,950 if 65 and older
  - Married filing jointly:
    - \$20,800 if both under 65
    - \$22,050 if 1 spouse is 65 or older
    - \$23,300 if both 65 or older
  - Married filing separately — \$4,050 at any age
  - Qualifying widow(er) with a dependent child:
    - \$16,750 if under 65
    - \$18,000 if 65 or older
  - Head of household:
    - \$13,400 if under 65
    - \$14,950 if 65 or older; or

- You participate in a health care sharing ministry or are a member of a recognized religious sect with objections to health insurance; or
- You are a member of a federally recognized Indian tribe; or
- You are incarcerated; or
- You have experienced a hardship such as homelessness, death of a close family member, bankruptcy, substantial recent medical debt, or disasters that severely damaged the individuals property that makes it difficult to purchase insurance; or
- You are a U.S. citizen or resident who spent at least 330 full days outside of the U.S. during a 12-month period; or
- You are a U.S. citizen who was a bona fide resident of a foreign country or U.S. territory; or
- You are a lawful immigrant who was a citizen of a foreign country with which the U.S. has an income tax treaty with a nondiscrimination clause, and you were a bona fide resident of a foreign country for the tax year; or
- You are not a U.S. citizen, not a U.S. national, and not a lawfully present immigrant in the U.S.

### **Where does an individual apply for a health coverage exemption?**

You can apply for an exemption through Access Health CT by visiting:

<https://www.accesshealthct.com/AHCT/jsp/frontend/feiam/IndividualExemptionApplication.pdf>

Questions regarding exemptions should be sent to: [exemptionsandappeals.AHCT@ct.gov](mailto:exemptionsandappeals.AHCT@ct.gov).

If Access Health CT grants your coverage exemption they will send you a notice with your own Exemption Certificate Number (ECN).

### **How does an individual claim a health coverage exemption?**

Exemptions are claimed on IRS Form 8965, Health Coverage Exemptions. This form is attached to IRS Form 1040, Form 1040A, or Form 1040EZ. Go to: <https://www.irs.gov/forms-pubs/about-form-8965> for the form and instructions.

### **For additional health coverage exemption information:**

<https://www.irs.gov/affordable-care-act/individuals-and-families/aca-individual-shared-responsibility-provision-exemptions>

### **What is the tax penalty for not having MEC during the 2018 tax reporting year?**

The tax penalty, also known as an individual shared responsibility payment, for not having MEC, is either a flat amount, or a percentage of household income, whichever is greater.

For health coverage year 2018, the penalty will be the greater amount of either as follows:

- \$695 for each adult and \$347.50 for each child under 18, up to a maximum of \$2085 per family; or
- 2.5% of family income above the federal tax filing threshold.

The penalty is also capped at an amount equal to the national average premium for a bronze health plan available through Access Health CT. The penalty is assessed based on “coverage months.” This means that each month an individual is uninsured; they may owe 1/12<sup>th</sup> of the annual penalty.

### **If I have two or more gaps in coverage during the year but less than the allowable three months, am I penalized?**

The federal rule for short coverage gaps is that only the first short coverage gap in a year will be recognized. For example, an individual wouldn't be penalized for lacking coverage in March, but may owe a penalty for a second gap in coverage that occurred in August if the individual does not otherwise qualify for an exemption during that period.

### **How IRS Form 1095-B will be sent:**

#### **Who will send IRS Form 1095-B to Department of Social Services' (DSS) beneficiaries?**

DSS will send the form.

#### **When will IRS Form 1095-B be sent?**

DSS will mail the forms no later than January 31, 2019.

#### **What do I do if I don't receive IRS Form 1095-B, lost my form or the form has incorrect information?**

Call the DSS 1095-B Information Center at 1-844-503-6871; Monday through Friday from 8am to 5pm.

#### **Is IRS Form 1095-B offered in Spanish or other languages?**

No, the form is offered in English only. For Spanish-speaking individuals the IRS provides a website ([www.irs.gov/Spanish](http://www.irs.gov/Spanish)) to offer assistance with tax-related questions and guidance.

#### **I am a Medicaid recipient and a non-citizen residing in Connecticut. Will I receive IRS Form 1095-B?**

Yes.

### **Are there other IRS 1095 forms that I may receive?**

Yes, the other forms are 1095-A and 1095-C.

### **Other health care tax forms:**

#### **What is IRS Form 1095-A used for?**

Form 1095-A is an IRS form for individuals who enroll in a Qualified Health Plan (QHP) through a health insurance marketplace. In Connecticut, the health insurance marketplace is Access Health CT. Typically, it is sent to individuals who had QHP coverage to allow them to:

- Claim Premium Tax Credits; and
- Reconcile the credit on their returns with Advanced Premium Tax Credit Payments (APTC); and
- File accurate tax returns in general, as this information can be used to help determine exemptions and the fee.

Generally, 1095 forms, including the 1095-A form, are completed by the health insurance marketplace, insurers, or an employer.

#### **What is IRS Form 1095-C used for?**

Form 1095-C is furnished to those individuals who had employer-sponsored medical coverage. Large employers with 50 or more full time employees are required to provide this form for each employee who was a full-time employee of the employer for any month of the calendar year.

#### **Is IRS Form 1095-B needed for state income tax returns?**

No. Form 1095-B is a federal form used to verify MEC to the IRS.

#### **Will Qualified Medicare Beneficiaries get an IRS Form 1095-B?**

For tax year 2018, the federal Centers for Medicare and Medicaid Services (CMS), which oversees the Medicare program, will mail notices to Medicare beneficiaries who need the information for tax filing purposes. These individuals include Medicare Part A beneficiaries under 65, those who enrolled in Part A for the first time in 2018 or those who had Part A for only a portion of 2018. CMS is instructing Medicare Part A beneficiaries over age 65 who were covered for more than one year to simply check the appropriate box on their return.

## **Resources:**

For more information:

<https://www.cms.gov/Medicare/Eligibility-and-Enrollment/Medicare-and-the-Marketplace/Overview1.html>

1-800-MEDICARE; 1-800-633-4227

## **How do I contact the IRS with Affordable Care Act tax-related questions?**

Visit the IRS website at [www.irs.gov/aca](http://www.irs.gov/aca) or call the IRS toll free at 1-800-829-1040. Assistance is provided in both English and Spanish.

## **Is there a website with information on IRS Form 1095-B?**

Yes, it is: <https://www.irs.gov/uac/about-form-1095-b>

## **Where can I find federal tax forms?**

The IRS or tax preparers can provide forms. Local libraries or post offices may also have some forms. Forms, instructions and publications are also available by visiting: <https://www.irs.gov/forms-instructions>.

## **Where can I go for more information or free tax help?**

**Please visit the following websites:**

- [www.irs.gov](http://www.irs.gov)
- <https://irs.treasury.gov/freetaxprep/>
- <http://www.211ct.org>
- <http://www.ct.gov/drs/cwp/view.asp?a=1462&q=289046>