

Taxes and Health Coverage

What you need to know if you enrolled through the Health Insurance Marketplace

Taxes may not be fun, but they play an important role in helping make your health coverage more affordable. This fact sheet helps you understand what you need to know about filing your taxes if you enrolled in a health plan via the Health Insurance Marketplace, such as HealthCare.gov or your state's marketplace website.

Did you choose to get a premium tax credit when you enrolled in coverage?

Premium tax credits help lower the cost of coverage purchased through the federal Health Insurance Marketplace or state marketplace for people with qualifying incomes. **Premiums** are the monthly bill you pay for health insurance. The premium tax credit can work in two ways:

- **Get it now.** Get the credit each month you have Marketplace coverage. This is called an **advance premium tax credit**. The Marketplace sends the money directly to your health insurance company, and you pay a lower monthly premium.
- **Get it later.** You pay the total premium every month, but you get a refund on your taxes after the calendar year is over.



TAXES AND HEALTH COVERAGE

Most individuals with a household income above 100% of the Federal Poverty Level (FPL) can qualify for increased financial help for Marketplace coverage through premium tax credits (PTCs). There is no longer an income limit for PTC eligibility. As of 2021, the Marketplace uses a sliding scale based on income to calculate the amount of PTCs that individuals are eligible for. New rules ensure that individuals who make over 400% FPL pay no more than 8.5% of their annual income towards their health insurance premiums. You apply for the premium tax credit when you apply for coverage in the Marketplace. In the application, you must give the Marketplace permission to collect your tax data from the IRS every year. That information will be used to calculate how much financial assistance you qualify for.

Check your mail

You should receive **IRS Form 1095-A (Health Insurance Marketplace Statement)** in the mail (usually by mid-February) from the Marketplace that provides information about your health coverage and the amount you received in advance premium tax credits each month, if any.

You do NOT need file this form with your taxes, but you should keep it for your records and use it to help you complete **IRS Form 8962 (Premium Tax Credit)**. Do not file your taxes until you have received an **accurate** 1095-A. If your 1095-A was lost, never received, or is incorrect, you must contact the Marketplace directly (not the IRS).

If you got an APTC when you enrolled in coverage:

- You **MUST** file a federal tax return for that year of coverage.

If you did not get an APTC when you enrolled in coverage for 2023:

- You **may** still be eligible for a tax credit at the end of 2023, but you must file your 2023 federal tax return to find out.

Not sure if you received premium tax credits through the Marketplace?

If you enrolled in coverage through HealthCare.gov, you can view information on any premium tax credits you are receiving or are eligible to receive by going to the tab called "My Plans."



How to reconcile your premium tax credit

The information on Form 1095-A indicates the amount of premium tax credit you received during the year. Make sure that the information on Form 1095-A is correct because you will use it to help you complete Form 8962. The Marketplace uses your tax information to make sure that you received the correct amount of financial help based on your household size and income. If the amount of premium tax credit that you received is different from the amount that you actually qualify for, the difference will be **reconciled** when you file your taxes. This means that you may owe or be refunded money when you file your federal taxes.

If you had coverage last year but you do not file and reconcile your premium tax credits, you may **NOT** be able to receive premium tax credits next year.

If your income decreased during the year, you may still qualify for a federal tax credit now – even if you were not eligible when you first applied for coverage. To find out if you are eligible, you must file your federal tax return with Form 8962.

As you prepare to file taxes,

keep in mind that tax forms may change from year to year:

- For tax year 2023, you will use **IRS Form 1040 (U.S. Individual Income Tax Return)**. You will provide information about premium tax credits in Schedules 2 and 3, which are forms you will complete and submit along with Form 1040 and Form 8962.
- If you were born before January 2, 1956, you now have the option to use **IRS Form 1040-SR (U.S. Tax Return for Seniors)**, which generally mirrors Form 1040.
- An optional Schedule LEP (Request for Change in Language Preference) can be used beginning in tax year 2021 to indicate your preferred language when receiving IRS communications.



What you should have with you when you file taxes

Health coverage information

1. IRS Form 1095-A (Health Insurance Marketplace Statement).

* **You do NOT need to file this form with your taxes**, but you should keep it for your records and use it to help you complete IRS Form 8962 (Premium Tax Credit).

Income and tax information for the tax year

1. W-2 forms from all employers
2. Unique Exemption Certificate Number or ECN if you applied for an exemption from the Marketplace
3. Information about any self-employment income
4. Unemployment compensation
5. Social Security benefits

Information for each household member

1. Social security numbers
 - * If you do not have a valid social security number, bring an Individual Taxpayer Identification Number (ITIN). This is a 9-digit number that you can request and receive from the IRS.
2. Dates of birth



Do you need help filing your taxes?

If your income is below \$64,000:

You may be able to get free help with filing your taxes through the Volunteer Income Tax Assistance (VITA) program.

If you are aged 60 and older:

You may be able to get free help with filing your taxes through the Tax Counseling for the Elderly (TCE) program, which specializes in questions about pensions and retirement-related issues unique to seniors.

Learn more about the VITA and TCE programs:

<https://www.irs.gov/individuals/free-tax-return-preparation-for-qualifying-taxpayers>

Find a VITA or TCE location near you:

<https://irs.treasury.gov/freetaxprep>

If your income is below \$79,000:

The IRS also provides free tax filing software.

Learn more about the software:

<https://www.irs.gov/FreeFile>

You can also talk to your Ryan White Program case manager to find out if tax preparation services are available through their organization or another local provider.



The Access, Care, and Engagement TA Center (ACE) Technical Assistance (TA) Center builds the capacity of the RWHAP community to navigate the changing health care landscape and help people with HIV to access and use their health coverage to improve health outcomes. For more information, visit: www.targethiv.org/ACE



This resource is/was prepared by JSI Research & Training Institute, Inc., and supported by the Health Resources and Services Administration (HRSA) of the U.S. Department of Health and Human Services (HHS) under grant number U69HA30143: Building Ryan White HIV/AIDS Program Recipient Capacity to Engage People Living with HIV in Health Care Access. This information or content and conclusions are those of the author and should not be construed as the official position or policy of, nor should any endorsements be inferred by HRSA, HHS or the U.S. Government.