



Louisiana Health Access Program

2020 Open Enrollment Debrief & 2019 Tax Filing Considerations

But first...

- See Bulletin sent 3/16/20 at 9 am
- 3/31/20 CEEDs → 4/30/20 extension
- 90-day fills for uninsured clients
- Early fills statewide

Open Enrollment 2020

2019 LA HAP Population Summary

- LA HAP served **5,326** clients of which **735 (14%)** were first-time enrollees
- **96%** are in care, including **93%** of uninsured clients
- Viral suppression rates:
 - **76%** for uninsured clients
 - **91%** for insured clients
 - **87%** overall
- **44** claims filled per client, of which **69.9%** were for medications
- **2,153** clients have opted into the LA HAP/Guardian Dental Plan

2020 LA HAP Enrollment Summary



Y'all did good! More details coming soon

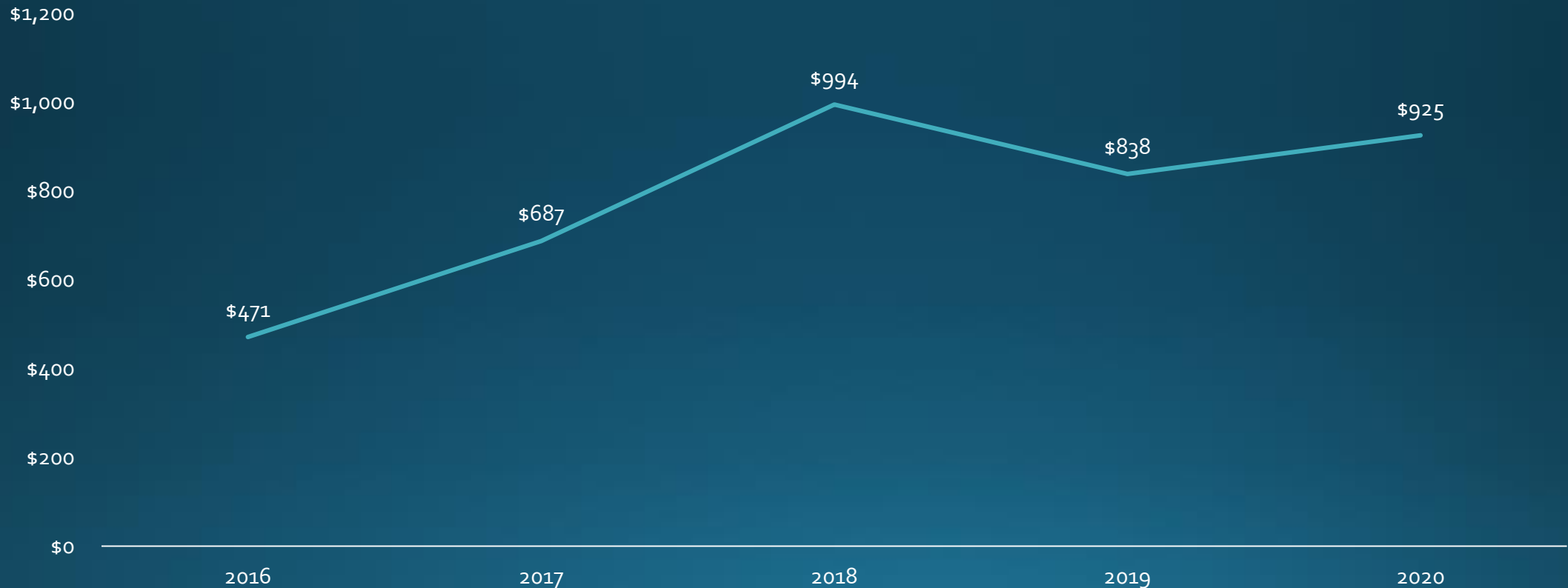
Reconciliation of 2019 Federal Taxes

Why does tax filing matter?

- Failure to file → Loss of Premium Tax Credit → Increase in cost of future premium
- In 2020:
 - 1,679 clients have Marketplace policies
 - 1,213 have no subsidy → **72%**
 - Total value of subsidies: **\$222,201**
 - **522** clients have monthly premiums over \$1,000
 - **25** have premiums over \$2,000 (none of whom have subsidies)

Premium costs have increased sharply over time

Average Blue Cross/Blue Shield Marketplace Premium



Possible future actions

- Requiring enrollment in particular lower-cost plans
- Requiring tax returns as part of LA HAP eligibility

PLEASE help us by encouraging your clients to file taxes and directing them to resources!



What is the (Advance) Premium Tax Credit?

- A tax credit offered to Health Insurance Marketplace consumers between 100-400% FPIG
 - This is different from the Cost-Sharing Reductions (CSRs) available to consumers between 100-250% FPIG who purchase a Silver-level plan. The CSR is a simple discount on health insurance costs that is given automatically and has nothing to do with taxes.
- The tax credit can be taken at the time of enrollment (Advance Premium Tax Credit [APTC]) or when filing taxes
 - LA HAP requires Marketplace clients to take the entire credit in advance
- Anyone who takes an APTC must **reconcile** this credit on their taxes

What is tax reconciliation?

If you had a Marketplace plan and used advanced payments of the premium tax credit (APTC) to lower your monthly payment, you'll have to "reconcile" when you file your federal taxes. This means you'll compare 2 figures:

- The amount of premium tax credit you used in advance during the year. (This was paid directly to your health plan so your monthly payment was lower.)
- The premium tax credit you actually qualify for based on your final income for the year.

Any difference between the two figures will affect your refund or tax owed.

Tax Filing: What's new this year

- Forms 1040-A, 1040-EZ are discontinued
- Form 1040-SR added for seniors born before 1/2/55
- Form 1040 simplified, with supplemental Schedules to be added in complex tax cases
- Addition of Schedules 2 and 3 to report on premium tax credits (*no longer Schedule 5*)
- 2018 was the last tax year for which an “Individual Shared Responsibility Payment” (tax penalty) was assessed for anyone who did not have health insurance in 2018
 - This penalty is reduced to \$0 starting with the 2019 tax year in most states, including Louisiana

Who needs to file in 2019?

- 2019 Tax year filing threshold information
- If your income was below the tax filing threshold in 2019:
 - You MUST file only if you took an Advanced Premium Tax Credit (very rare situation)
 - You CAN file to see if you are eligible for a refundable credit or return of income tax
- If your income was above the tax filing threshold in 2019:
 - You MUST file in most circumstances, including:
 - If you took an Advanced Premium Tax Credit **so you can reconcile your tax credit**
 - **This is both an IRS and a LA HAP requirement**

Forms to use

Tax Form	Description
Form 1095-A	Form generated by the Marketplace and sent to anyone receiving APTC
Form 1095-B	Form sent by the insurer to the insured verifying individual had coverage
Form 1095-C	Form sent by employer to the employee verifying whether the individual had coverage
Form 8962	Addendum to tax return documenting APTC reconciliation
Form 8965	Addendum to tax return documenting any exception to the requirement to have minimum essential coverage

May not be sent- that's ok!

Source: Target Center webinar, https://careacttarget.org/sites/default/files/supporting-files/ACE_taxes_health_coverage_presentationslides.pdf

How to file: non-Marketplace

- **Employer-based coverage:**
 - Receive Form 1095-C (maybe), use to complete federal tax return. Nothing to reconcile.
- **Other coverage (e.g. off-Marketplace plan, Medicare, Medicaid):**
 - Receive Form 1095-B (maybe), use to complete federal tax return. Nothing to reconcile.

“Full year coverage” box on 1040 has been removed: No need to certify minimum essential coverage for 12 months

How to file: Marketplace plan with no APTC

- Receive Form 1095-A, use to complete federal tax return. Nothing to reconcile this year, but...
- **File anyway!** This increases the chances that you will be eligible for a tax credit next year.

How to file: Marketplace plan with APTC

- Get Form 1095-A by mail, or download from your healthcare.gov account
- Double-check information and call Marketplace Call Center (not IRS) if there's a problem
- Print [Form 8962: Premium Tax Credit](#) and [instructions](#) from IRS website
- Use Schedules 2 & 3 to calculate overpayment or underpayment

Form 8962

Form 8962 Department of the Treasury Internal Revenue Service	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
Name shown on your return	Your social security number	

24	Total premium tax credit. Enter the amount from line 11(e) or add lines 12(e) through 23(e) and enter the total here	24	
25	Advance payment of PTC. Enter the amount from line 11(f) or add lines 12(f) through 23(f) and enter the total here	25	
26	Net premium tax credit. If line 24 is greater than line 25, subtract line 25 from line 24. Enter the difference here and on Schedule 3 (Form 1040 or 1040-SR), line 9, or Form 1040-NR, line 65. If line 24 equals line 25, enter -0-. Stop here. If line 25 is greater than line 24, leave this line blank and continue to line 27	26	
Part III Repayment of Excess Advance Payment of the Premium Tax Credit			
27	Excess advance payment of PTC. If line 25 is greater than line 24, subtract line 24 from line 25. Enter the difference here	27	
28	Repayment limitation (see instructions)	28	
29	Excess advance premium tax credit repayment. Enter the smaller of line 27 or line 28 here and on Schedule 2 (Form 1040 or 1040-SR), line 2, or Form 1040-NR, line 44	29	

Line 26: Net premium tax credit; **this amount is owed to HIP** due to overpayments throughout the year

Line 29: Extra credit paid throughout year; **this amount is owed to IRS** due to underpayments throughout the year

Form 1040, Schedules 2 & 3

SCHEDULE 2 (Form 1040 or 1040-SR)	Additional Taxes	OMB No. 1545-0074
Department of the Treasury Internal Revenue Service	▶ Attach to Form 1040 or 1040-SR. ▶ Go to www.irs.gov/Form1040 for instructions and the latest information.	2019 Attachment Sequence No. 02
Name(s) shown on Form 1040 or 1040-SR		Your social security number
Part I Tax		
1 Alternative minimum tax. Attach Form 6251		1
2 Excess advance premium tax credit repayment. Attach Form 8962		2
3 Add lines 1 and 2. Enter here and include on Form 1040 or 1040-SR, line 12b		3

Line 2 of Schedule 2: How much is owed to the IRS (HIP CANNOT pay this amount)

SCHEDULE 3 (Form 1040 or 1040-SR)	Additional Credits and Payments	OMB No. 1545-0074
Department of the Treasury Internal Revenue Service	▶ Attach to Form 1040 or 1040-SR. ▶ Go to www.irs.gov/Form1040 for instructions and the latest information.	2019 Attachment Sequence No. 03
Name(s) shown on Form 1040 or 1040-SR		Your social security number

Line 9 of Schedule 3:
How much is owed to HIP

Part II Other Payments and Refundable Credits		
8 2019 estimated tax payments and amount applied from 2018 return		8
9 Net premium tax credit. Attach Form 8962		9
10 Amount paid with request for extension to file (see instructions)		10

What to remember about PTCs

- Tips for easy (or no) reconciliation: report family size and income changes to the Marketplace throughout the year
- Repayment amounts are capped based on income (capped amounts calculated on tax form)
- Any refund or liability related to health insurance is not separated out from the overall refund or liability on the federal tax return
 - Example: You are owed a **refund of \$540** in income tax. After reconciliation, you also owe **\$200 in underpaid premiums** for health insurance. On your federal return, you are therefore entitled to a net refund of $(\$540 - \$200) = \mathbf{\$340}$.
 - Certain boxes on the 1040 form indicate which portion of the refund/liability is specifically related to health insurance (and so possibly owed to LA HAP/HIP)

LA HAP Reconciliation

LA HAP Reconciliation (1)

- Unless a client paid their own health insurance premiums in 2019, any health insurance-related refund they receive is actually owed to LA HAP
 - Clients agree to this when they sign their LA HAP application

• Any refunds received from my insurance company/third party payer, for services rendered by LA HAP MUST be surrendered immediately to LA HAP. Failure to do so will result in disqualification from Ryan White services and constitutes fraudulent misuse of federal funding.

- HRSA requires LA HAP and all state ADAPs to “vigorously pursue” any refund which comes to a client due to premium overpayment by the ADAP
 - Clients cannot be disenrolled from an ADAP for refusing to reconcile
 - Clients CAN be moved to medication-only assistance
 - LA HAP clients have been moved to medication-only assistance for keeping money owed to HIP

LA HAP Reconciliation (2)

LA HAP will...	We ask that you help by...
<ul style="list-style-type: none">• Send a letter and a referral to VITA sites to all LA HAP clients for whom HIP paid at least one Marketplace/individual market premium in 2019<ul style="list-style-type: none">• Some clients may no longer be enrolled in LA HAP, but may still owe part of their refund	<ul style="list-style-type: none">• Following up with your clients to make sure they received the letter• Helping them contact or make an appointment with a VITA site, if necessary• Explaining what they should expect and what they should bring with them

If LA HAP overpaid premium:

- A refund is due to LA HAP/HIP
 - Amount due: **Line 26** of Form 8962, **Line 9** of 1040-Schedule 3
- HIP should be paid directly

Repayment process

- 1) Client should cash or deposit their entire federal tax refund, if there is a refund
- 2) Determine amount owed to HIP
- 3) Send this amount to HIP with copy of Form 8962 OR Form 1040- Schedule 3 attached
 - Money Order preferred
 - Cash acceptable
 - Check acceptable if MO/cash not feasible (*after first NSF return, check will be prohibited*)

If refund has already been spent:

- Contact HIP to establish payment plan
- Money Order will be due monthly until balance is paid

If client paid at least 1 premium out of pocket in 2019:

- Contact HIP to determine pro-rated amount due

How do I help my clients? (1)

- 1) Identify all clients who took a subsidy
 - Information visible on premium invoice
- 2) Remind these clients that they **MUST** file taxes
 - If there is a refund on their premiums, they must repay this to LA HAP

How do I help my clients? (2)

- 1) Identify all other clients who are enrolled in a Marketplace plan **WITHOUT** a subsidy
 - This includes clients who are enrolled in an off-Marketplace plan
- 2) Remind them that they **MUST** file taxes
 - This will increase the chances that they will be eligible for a tax credit next year
 - Federal tax filing is a legal requirement for most Americans
 - Only categorical exceptions: undocumented clients, clients below the filing threshold do not need to file

How do I help my clients? (3)

- For ALL LA HAP clients:
 - Remind them of the importance of reporting income and family changes to Marketplace throughout the year
 - Can report by calling the Marketplace, or by calling their broker
 - Remind them of the importance of responding to documentation requests that are mailed to them by the Marketplace after Open Enrollment
 - Some may lose their subsidy in the middle of the year for not responding to requests

Who can help my clients with taxes?

- Volunteer Income Tax Assistance Program (VITA)
 - Free for individuals:
 - generally making \$55,000 or less
 - with a disability
 - with limited English ability
- Tax Counseling for the Elderly (TCE)
 - Offers tax help for all taxpayers, prioritizes those 60 and older
 - Specializes in retirement, pension, and other senior-related issues

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



The screenshot shows a web browser window with the URL <https://irs.treasury.gov/freetaxprep/>. The page content includes the heading "Get Free Tax Prep Help" in purple, followed by the text "The IRS Volunteer Income Tax Assistance (VITA)". Below this is a search form with a "Zip Code" input field, the text "within", a dropdown menu showing "5", and the text "miles". A "Find >>" button is located below the form.

Many require appointments and are only open through mid-April: call SOON!

Free online resources

- About 70% of population (most filers with income below \$66,000) eligible for free filing
 - Numerous free filing services located through [IRS partner organizations](#)
 - [IRS Calculator](#) identifies which services are **truly free** based on your income
- [Reviews.com](#)
 - Identified 3 “best” services for self-filers
 - Best range of tool: TurboTax
 - Best customer support: H&R Block
 - Cheapest: TaxAct
- [Nerdwallet](#): Comprehensive online comparison of several major online filing services, including discussion of hidden fees

Why does this matter?

- Ensures financial solvency of LA HAP by keeping premiums as low as possible in uncertain times
 - ADAPs are legally obligated to pursue the most cost-effective coverage
- Filing taxes is the law
- Potential source of income
 - Louisianans had the 9th highest average income tax refund in the country in 2019, at \$3,367 per person (83% of taxpayers received a refund)
 - Numerous tax credits available
 - [Earned Income Tax Credit](#) for low to moderate income working individuals
 - [Child and Dependent Care Credit](#) to defray costs associated with babysitting/daycare
 - [More!](#)

Questions?



Alicia Cooke,
Health Insurance Program
Coordinator
alicia.cooke@la.gov