

FRANZEN & FRANZEN, LLP

CERTIFIED PUBLIC ACCOUNTANTS

January 7, 2015 – Health Insurance Mandate

Beginning in 2014, the “individual mandate” under the Affordable Care Act begins. Not only are all individuals required to have insurance but all people who are required to file a tax return must report their insurance on that return. Quite a bit of additional information will be needed in order to prepare your 2014 tax return.

In reporting your insurance, all individuals will fall into one of four categories:

- You got qualifying insurance through the exchange (the Marketplace);
- You got qualifying insurance through some other source such as an employer or Medicare;
- You did *not* get qualifying insurance and you do not have an exemption which means you will be subject to the penalty for not having insurance; or
- You did *not* get qualifying insurance but you are entitled to an exemption from the penalty.

To complicate matters, the above four categories apply to each member of your family and may apply *differently* to each member (for example, different members of the family have insurance from different sources). Moreover, any one member of your family may have changed categories during the year. The insurance information must be gathered for each family member on a month-to-month basis.

Documentation will vary depending on the source of your insurance. If you got your insurance through the exchange, the exchange will send you a Form 1095-A, Health Insurance Marketplace Statement. If you got insurance from another source, you will need to provide documentation, such as a Medicare or employer statement, or a copy of the insurance policy.

Some exemptions are claimed on the tax return and others require a certificate from the exchange. You cannot claim an exchange exemption without a certificate. Examples of exemptions that require certification from the exchange include:

- You are a member of certain religious sects;
- You did not have access to affordable coverage at the beginning of the year due to your household income;
- You were notified that your health insurance plan would not be renewed and other plans were not affordable; or
- You experienced other problems that prevented you from getting insurance. This broad category includes homelessness, evictions or foreclosures, domestic violence, bankruptcy, illness or death in the family, and many other hardships.

If you think you qualify for an exemption, visit <http://marketplace.cms.gov> to learn more and to get an application for exemption. We suggest you file the application as soon as possible.

If you have questions about the health insurance mandate for 2014, please contact our office.