



Guidance for Ryan White HIV/AIDS Program Grantees on Advance Premium Tax Credits

Health and Human Services
Health Resources and Services Administration
HIV/AIDS Bureau
Division of Policy and Data

March 12, 2015



Agenda



- I. Review of Premium Tax Credits
- II. Review of Tax Forms
- III. Operationalizing HAB PCN 14-01
- IV. Arizona Presentation
- V. Tools and Resources
- VI. Questions and Answers



Learning Objectives



- Grantees will increase knowledge of the role of premium tax credits (PTC) in premium assistance programs
- Grantees will understand how to vigorously pursue advance premium tax credits (APTC) and will be able to develop and integrate APTC protocols
- Grantees will know what resources are available related to PTC and tax assistance
- Grantees will learn how one Ryan White HIV/AIDS Program (RWHAP) grantee has implemented vigorously pursue as it relates to APTC



Review of Premium Tax Credits (PTC)



Why Are We Here?



Some RWHAP clients:

- Received advance premium tax credits that reduced their insurance premium responsibility, and
 - May be entitled to a larger premium tax credit than they received and they will receive a refund; or
 - May be entitled to a smaller premium tax credit than they received and will need to pay it back.



How APTCs Affect RWHAP Grantees



The premium tax credit process applies to grantees that **provide health insurance premium assistance** to clients using RWHAP funds for premium payments.

Grantees and subgrantees need to:

- Convey to clients the **importance of reporting accurate income** information to the Marketplace
- **Create policies and procedures** for the pursuit of excess premium tax credit owed to them from clients
- **Document** the actions taken for clients regarding pursuit of premium tax credit



What is the PTC?



The premium tax credit is a new tax credit that can be claimed by eligible people who buy health insurance through a state or federally run Marketplace

- The PTC can be received in one of two ways:
 - **Advance payments of tax credits** - these are paid directly to the insurer.
 - **Lump sum** - get all benefit of premium tax credits at the end of the year when filing taxes on Form 1040 paid to individual
- The Marketplace administers advance premium tax credits (which are reported to client on form 1095-A)



Premium Tax Credit Eligibility

U.S. Department of Health and Human Services



The client may be eligible if they meet all of the following:

- Buys health insurance through their Marketplace
- Is not eligible for coverage through employer or government plan (e.g., Medicare and Medicaid)
- Is within 100 – 400% of FPL
- Cannot be claimed as a dependent by another person
- Files a Form 1040 as Single/Head of Household or Form 1040 Jointly if Married (except in specific circumstances)



Key Considerations for Grantees & Clients



- Receipt of advance premium tax credit **is optional**
- Reconciliation of advance premium tax credit is required; the client ***must*** file a tax return
- Change in circumstances can affect the premium tax credit amount
- Failure to report changes in circumstances to the Marketplace could result in unplanned taxes



Major Changes in Circumstances



- Birth or adoption
- Marriage or divorce
- Increases or decreases in number of dependents
- Moving to another address
- Increase or decrease in household income
- Gaining or losing non-Marketplace health care coverage or eligibility
- Changes in filing status
- Incarceration

Note: For additional examples of life events go to
Healthcare.gov



Changes in Circumstances Can Affect the Credit



Reporting changes will help prevent large differences between the amount of APTC received and the allowed PTC



Changes in Circumstances Can Affect the Credit, Cont'd



Changes in circumstances can affect:

- Eligibility for the PTC - even if previously considered to be eligible or not eligible
- Amount of advance premium tax credits
- The difference between the premium tax credit and advance premium tax credit

Grantees should have a process in place to assist clients in promptly reporting changes to HealthCare.gov or state marketplace website



Tax Forms



Will Client Receive a “PTC Refund” from IRS?



Grantees should consider requiring clients to bring a copy of relevant tax forms

- Form 1095-A (Marketplace Statement)
- Form 8962 (line 26)
- Form 1040 (Form 1040EZ is not acceptable)



What Information Documents will an Individual Receive?



Form **1095-A**

Health Insurance Marketplace Statement

OMB No. 1545-2232

Department of the Treasury
Internal Revenue Service

► Information about Form 1095-A and its separate instructions is at www.irs.gov/form1095a.

CORRECTED

2014

Part I Recipient Information

1 Marketplace identifier	2 Marketplace-assigned policy number	3 Policy issuer's name	
4 Recipient's name	5 Recipient's SSN	6 Recipient's date of birth	
7 Recipient's spouse's name	8 Recipient's spouse's SSN	9 Recipient's spouse's date of birth	

The Health Insurance Marketplace will issue Form 1095-A by January 31 each year:

- It is used to complete Form 8962 and shows:
 - Documentation of coverage by month
 - Premiums for plan or plans enrolled in
 - Premiums for the applicable second lowest cost silver plan, and
 - Payments of advance premium tax credit



Form 1095-A



- Statement from the Marketplace indicating Monthly Premium Amount (Column A) per month
- SLCSP premium amount (Column B) per month
- Monthly advance premium tax credit (Column C) per month

Part II Coverage Household

	A. Covered Individual Name	B. Covered Individual SSN	C. Covered Individual Date of Birth	D. Covered Individual Start Date	E. Covered Individual Termination Date
16	Bob	xxx-xx-xxxx	08/15/65	01/01/14	12/31/14
17					
18					
19					
20					

Part III Household Information

Month	A. Monthly Premium Amount	B. Monthly Premium Amount of Second Lowest Cost Silver Plan (SLCSP)	C. Monthly Advance Payment of Premium Tax Credit
21 January	250	225	75
22 February	250	225	75
23 March	250	225	75



Form 8962 Premium Tax Credit



Form 8962 Department of the Treasury Internal Revenue Service	Premium Tax Credit (PTC) ▶ Attach to Form 1040, 1040A, or 1040NR. ▶ Information about Form 8962 and its separate instructions is at www.irs.gov/form8962 .	OMB No. 1545-0074
		2014 Attachment Sequence No. 73
Name shown on your return	Your social security number	Relief (see instructions) <input type="checkbox"/>
Part 1: Annual and Monthly Contribution Amount		
1 Family Size: Enter the number of exemptions from Form 1040 or Form 1040A, line 6d, or Form 1040NR, line 7d .	1	

Client will need Form 1095-A to complete Form 8962 which must be submitted with Form 1040 to claim the premium tax credit and reconcile with advance premium tax credit



Form 8962



and continue to line 24.

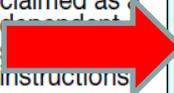
your monthly PTC and continue to line 24.

Annual Calculation	A. Premium Amount (Form(s) 1095-A, line 33A)	B. Annual Premium Amount of SLCSP (Form(s) 1095-A, line 33B)	C. Annual Contribution Amount (Line 8a)	D. Annual Maximum Premium Assistance (Subtract C from B)	E. Annual Premium Tax Credit Allowed (Smaller of A or D)	F. Annual Advance Payment of PTC (Form(s) 1095-A, line 33C)
11 Annual Totals	3000	2700	1634	1068	1068	900
Monthly Calculation	A. Monthly Premium Amount (Form(s) 1095-A, lines 21–32, column A)	B. Monthly Premium Amount of SLCSP (Form(s) 1095-A, lines 21–32, column B)	C. Monthly Contribution Amount (Amount from line 8b or alternative marriage monthly contribution)	D. Monthly Maximum Premium Assistance (Subtract C from B)	E. Monthly Premium Tax Credit Allowed (Smaller of A or D)	F. Monthly Advance Payment of PTC (Form(s) 1095-A, lines 21–32, column C)
12 January	250	225	136	89	89	75
13 February	250	225	136	89	89	75
14 March	250	225	136	89	89	75
15 April	250	225	136	89	89	75
16 May	250	225	136	89	89	75
17 June	250	225	136	89	89	75
18 July	250	225	136	89	89	75
19 August	250	225	136	89	89	75
20 September	250	225	136	89	89	75
21 October	250	225	136	89	89	75
22 November	250	225	136	89	89	75
23 December	250	225	136	89	89	75
24 Total Premium Tax Credit: Enter the amount from line 11E or add lines 12E through 23E and enter the total here .					24	1068
25 Advance Payment of PTC: Enter the amount from line 11F or add lines 12F through 23F and enter the total here .					25	900
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 Form 1040, line 69; Form 1040A, line 45; or Form 1040NR, line 65. If you elected the alternative calculation for marriage, enter zero. If line 24 equals line 25, enter zero. Stop here. If line 25 is greater than line 24, leave this line blank and continue to line 27 .					26	168
Part 3: 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	n/a
28 Repayment Limitation: Using the percentage on line 5 and your filing status, locate the repayment limitation amount in the instructions. Enter the amount here					28	
29 Excess Advance Premium Tax Credit Repayment: Enter the smaller of line 27 or line 28 here and on Form 1040, line 46; Form 1040A, line 29; or Form 1040NR, line 44					29	



Excess Advance PTC Payments Form 1040



Tax and Credits	38	Amount from line 37 (adjusted gross income)		38	
	39a	Check <input type="checkbox"/> You were born before January 2, 1950, <input type="checkbox"/> Blind. <input type="checkbox"/> Spouse was born before January 2, 1950, <input type="checkbox"/> Blind. Total boxes checked ▶ 39a			
	b	If your spouse itemizes on a separate return or you were a dual-status alien, check here ▶ 39b			
Standard Deduction for— • People who check any box on line 39a or 39b or who can be claimed as a dependent  instructions • All others: Single or Married filing separately, \$6,200 Married filing jointly or Qualifying widow(er), \$12,400 Head of household, \$9,100	40	Itemized deductions (from Schedule A) or your standard deduction (see left margin)		40	
	41	Subtract line 40 from line 38		41	
	42	Exemptions. If line 38 is \$152,525 or less, multiply \$3,950 by the number on line 6d. Otherwise, see instructions		42	
	43	Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-		43	
	44	Tax (see instructions). Check if any from: a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972 c <input type="checkbox"/>		44	
	45	Alternative minimum tax (see instructions). Attach Form 6251		45	
	46	Excess advance premium tax credit repayment. Attach Form 8962		46	
	47	Add lines 44, 45, and 46		47	
	48	Foreign tax credit. Attach Form 1116 if required	48		
	49	Credit for child and dependent care expenses. Attach Form 2441	49		
	50	Education credits from Form 8863, line 19	50		
	51	Retirement savings contributions credit. Attach Form 8880	51		
	52	Child tax credit. Attach Schedule 8812, if required	52		
	53	Residential energy credits. Attach Form 5695	53		
	54	Other credits from Form: a <input type="checkbox"/> 3800 b <input type="checkbox"/> 8801 c <input type="checkbox"/>	54		
55	Add lines 48 through 54. These are your total credits		55		
56	Subtract line 55 from line 47. If line 55 is more than line 47, enter -0-		56		
57	Self-employment tax. Attach Schedule SE		57		

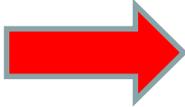


How will PTC be Reported? Form 1040



Payments

If you have a qualifying child, attach Schedule EIC.



	63	Add lines 56 through 62. This is your total tax		
	64	Federal income tax withheld from Forms W-2 and 1099	64	
	65	2014 estimated tax payments and amount applied from 2013 return	65	
	66a	Earned income credit (EIC)	66a	
	b	Nontaxable combat pay election 66b		
	67	Additional child tax credit. Attach Schedule 8812	67	
	68	American opportunity credit from Form 8863, line 8	68	
	69	Net premium tax credit. Attach Form 8962	69	
	70	Amount paid with request for extension to file	70	
	71	Excess social security and tier 1 RRTA tax withheld	71	
	72	Credit for federal tax on fuels. Attach Form 4136	72	
	73	Credits from Form: a <input type="checkbox"/> 2439 b <input type="checkbox"/> Reserved c <input type="checkbox"/> Reserved d <input type="checkbox"/>	73	
	74	Add lines 64, 65, 66a, and 67 through 73. These are your total payments		
Refund	75	If line 74 is more than line 63, subtract line 63 from line 74. This is the amount you overpaid		



Form 1040



Line 46: From 8962 if client received MORE premium tax credit than allowed

<ul style="list-style-type: none"> • People who check any box on line 39a or 39b or who can be claimed as a dependent, see instructions. • All others: Single or Married filing separately. 	42 Exemptions. If line 38 is \$152,525 or less, multiply \$3,950 by the number on line 6d. Otherwise, see instructions	42		
	43 Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-	43		
	44 Tax (see instructions). Check if any from: a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972 c <input type="checkbox"/>	44		
	45 Alternative minimum tax (see instructions). Attach Form 6251	45		
	46 Excess advance premium tax credit repayment. Attach Form 8962	46		n/a
	47 Add lines 44, 45, and 46	47		
	48 Foreign tax credit. Attach Form 1116 if required	48		
49 Credit for child and dependent care expenses. Attach Form 2441	49			

Line 69: From 8962 if client received LESS premium tax credit than allowed

	63 Add lines 56 through 62. This is your total tax	63		
Payments If you have a qualifying child, attach Schedule EIC.	64 Federal income tax withheld from Forms W-2 and 1099	64		
	65 2014 estimated tax payments and amount applied from 2013 return	65		
	66a Earned income credit (EIC)	66a		
	b Nontaxable combat pay election 66b	66b		
	67 Additional child tax credit. Attach Schedule 8812	67		
	68 American opportunity credit from Form 8863, line 8	68		
	69 Net premium tax credit. Attach Form 8962	69		168
	70 Amount paid with request for extension to file	70		
	71 Excess social security and tier 1 RRTA tax withheld	71		
	72 Credit for federal tax on fuels. Attach Form 4136	72		
73 Credits from Form: a <input type="checkbox"/> 2439 b <input type="checkbox"/> Reserved c <input type="checkbox"/> Reserved d <input type="checkbox"/>	73			
74 Add lines 64, 65, 66a, and 67 through 73. These are your total payments	74			
Refund	75 If line 74 is more than line 63, subtract line 63 from line 74. This is the amount you overpaid	75		
	76a Amount of line 75 you want refunded to you. If Form 8998 is attached, check here	76a		



How Does Reconciliation Work, Cont'd?



Total PTC: Form 8962, line 25	\$1,068
APTC: Form 1095-A, line 33	<u>-\$ 900</u>
Difference: Form 1040, line 69	168

Refund amount = \$168

Reconciled when filing taxes

Note: The client must file Form 1040 (Federal tax return) to reconcile advance premium tax credit regardless of any other filing requirement.



Operationalizing HAB PCN 14-01:

Clarifications Regarding the Ryan White HIV/AIDS Program and Reconciliation of Advance Premium Tax Credits under the Affordable Care Act



HAB Policy Clarification Notice 14-01



RWHAP grantees and their subgrantees who use program funds to purchase health insurance in the Marketplace are expected to:

- Ensure RWHAP funds are used as a payer of last resort
- Establish appropriate mechanisms to vigorously pursue any excess premium tax credit clients receive from the IRS upon submission of the client's tax return
- Maintain policies regarding the required process for the reconciliation of advance premium tax credit for clients receiving premium assistance
- Document the steps during their reconciliation process for all clients



Tax Liability



Role of RWHAP grantees and subgrantees in tax liability associated with premium tax credit:

- HAB released a Federal Register Notice for public comment
- Reviewed comments
- Addressing internally
- Considering how to update the PCN
- Forthcoming clarification



Guiding Principles for Implementation of Vigorously Pursue



- Marketplace healthcare coverage is a good thing for PLWH
- RWHAP is still needed to serve its mission
- Maintaining continuity of care is critical
- Enrolling people in coverage/pursuing excess funds is a continuous process, not a one-time activity
- Enrolling into the Marketplace may be a difficult transition for a ***small portion*** of our population
- Organizations need to create policies and procedures and maintain documentation



Implementing Vigorously Pursue Related to PTCs



Establish Written Policies

Comprehensive organizational policies that clearly outline the goals and process

Establish Written Procedures

Clearly detailed and delineated procedures for education, tracking, and collection of information for all clients receiving PTC

Document

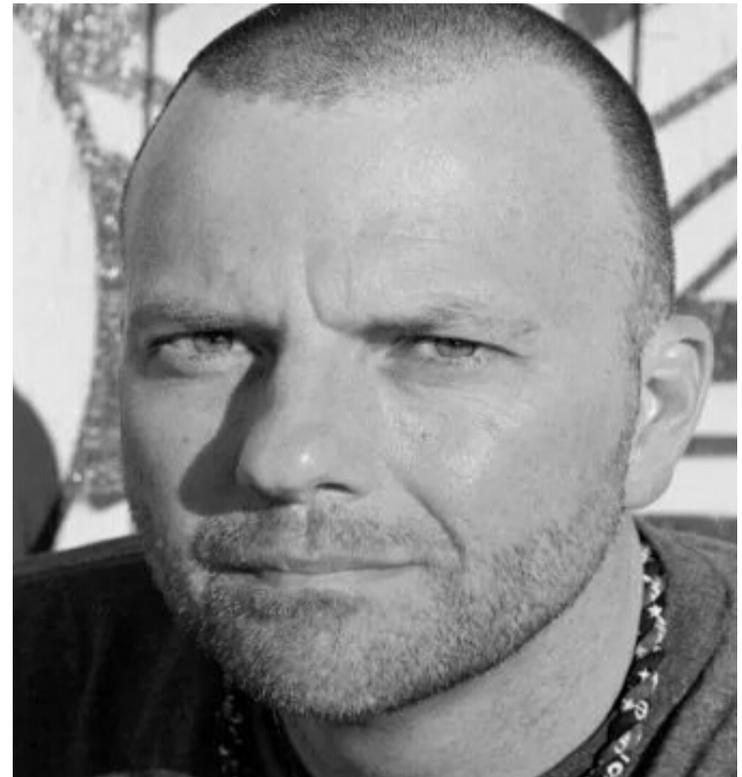
Tools created to document vigorous pursuit of excess PTC and discussions with PLWH



Arizona ADAP Presentation

Arizona ADAP The Vigorous Pursuit of APTC Overpayment

Jimmy Borders
ADAP Operations Manager
602-542-7344 (desk)
jimmy.borders@azdhs.gov





The Vigorous Pursuit of APTC Overpayment



- Began with a Statewide all Ryan White Grantee meeting
 - A unified common letter informing all FFM enrollees **must** file his or her Federal Income Tax prior to the April 15, 2015 cutoff was created.
- Also provided FFM enrollees with information regarding free/low cost income tax assistors available statewide



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DOUGLAS A. DUCEY, GOVERNOR
WILL HUMBLE, DIRECTOR

To: Federally Facilitated Marketplace (FFM) Enrollees

Subject: Mandatory Filing - Federal Income Tax Return for 2014.

Please note, if you were enrolled in a Federally Facilitated Marketplace (FFM) insurance plan during 2014, you **must** file federal taxes this year before the April 15, 2015 deadline. Many people who signed up for insurance through the FFM received premium assistance and tax credits to lower the cost of the insurance. **If ADAP or Ryan White helped with your insurance this year, you must file 2014 taxes.** Federal taxes are required for future premium assistance and tax credits. These credits help keep program costs lower and allow agencies to expand services for clients in the community.

There are many free and low cost programs that can help you prepare your tax return this year. Your Case Manager can help connect you to these free and low cost tax programs. Please see the attached Tax Checklist for information on what to bring to your tax preparation appointment. Your Case Manager will be contacting you soon to follow up.

If you have any questions about whether you need to file a tax return, or how to begin this process, please contact your Case Manager. You can get additional information on tax preparation at www.healthcare.gov/taxes/.

Please review, initial, sign and return the enclosed affidavit to Arizona ADAP prior to April 15, 2015. You may also return the enclosed affidavit to your case manager and request that s/he return this to Arizona ADAP prior to the April 15, 2015 deadline.



Vigorously Pursue Documentation



- ADAP developed an affidavit for all FFM clients that explained the procedure for identification and submission of APTC overpayment
- Mandatory submission of Federal Income Tax for all FFM enrollees beginning April 15, 2015
- Clients that did not file must submit an approved IRS extension request
- ADAP/FFM enrollee placed on pre-approved-can dispense until April 15, 2015 pending ADAP receipt of the affidavit or IRS extension request
- Potential for loss of ADAP coverage
- Affidavit is part of all FFM enrollees initial or birthday renewal yearly



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AFFIDAVIT OF UNDERSTANDING FOR INDIVIDUALS ENROLLED IN A FEDERALLY FACILITATED MARKETPLACE (FFM) HEALTH PLAN

BEFORE INITIALING AND SIGNING, READ THIS DOCUMENT CAREFULLY AND BE SURE YOU UNDERSTAND.

If you have any questions or concerns, please call ADAP at 602-364-3610 or 800-334-1540 or your case manager.

As an Arizona ADAP client receiving premium assistance with my enrollment in a Federally Facilitated Marketplace (FFM) health plan, I understand I am required to give to the Arizona ADAP any excess refund received after I file my Federal Income Tax with the Internal Revenue Service (IRS) for the previous income tax reporting year. The amount that I owe the Arizona ADAP will be found on line 26 of Form 8962 which is filed with my Federal Income Tax to the Internal Revenue Service (IRS). I understand the amount subject to return is due to the under-reporting of my annual income to the marketplace. In addition, I understand the amount due to Arizona ADAP may be less than the entire Federal Income Tax IRS return I receive or may be in addition to other amount(s) that I owe to the IRS. I also understand that if I do not submit the applicable portion of the Federal Income Tax IRS return issued in a timely manner, I may lose my Arizona ADAP coverage. Arizona ADAP coverage may also be discontinued until the over-payment amount indicated on line 26 of Form 8962 has been received by the Arizona ADAP.

Please remit the applicable over-payment portion shown on line 26 of Form 8962 via check or money order "payable to ADHS" to:

ADAP Operations Manager
1740 W. Adams #010
Phoenix, Az. 85007

Initial: _____

I have completely read this affidavit of understanding. By signing, I agree to the facts and conditions contained herein.

Applicant signature: _____

Case Manager or ADAP witness signature: _____

Date signed: _____

References:

Federal Marketplace and the Internal Revenue Service (IRS) information can be found at <http://www.irs.gov/Affordable-Care-Act/Affordable-Care-Act-Tax-Provisions>



Check Collection & Reconciliation



- The overpayment amount is found on line 26 of IRS Form 8962
- Arizona ADAP will accept the overpayment either through personal check or money order payable Arizona Department of Health Services
- Overpayment submission are submitted to the Ryan White Part B Fiscal Manager for deposit as program income



Successes & Lessons Learned



Successes

- Collaborative approach involving all Ryan White Parts (Grantees)
- Statewide tax assistors (i.e. VITA, etc.) were identified and provided to ADAP FFM enrollees
- Process developed to identify and collect overpayment
- Maintains compliance with HRSA regulation PCN #14-01

Lessons Learned

- Tax filing places FFM enrollees back on the “grid”
 - Exposes past tax amounts due to the IRS now payable in full
 - No HRSA guidance (yet) on any assistance for enrollees with past due amounts
- Difficult to sanction enrollees as HRSA guidance forbids ADAP disenrollment



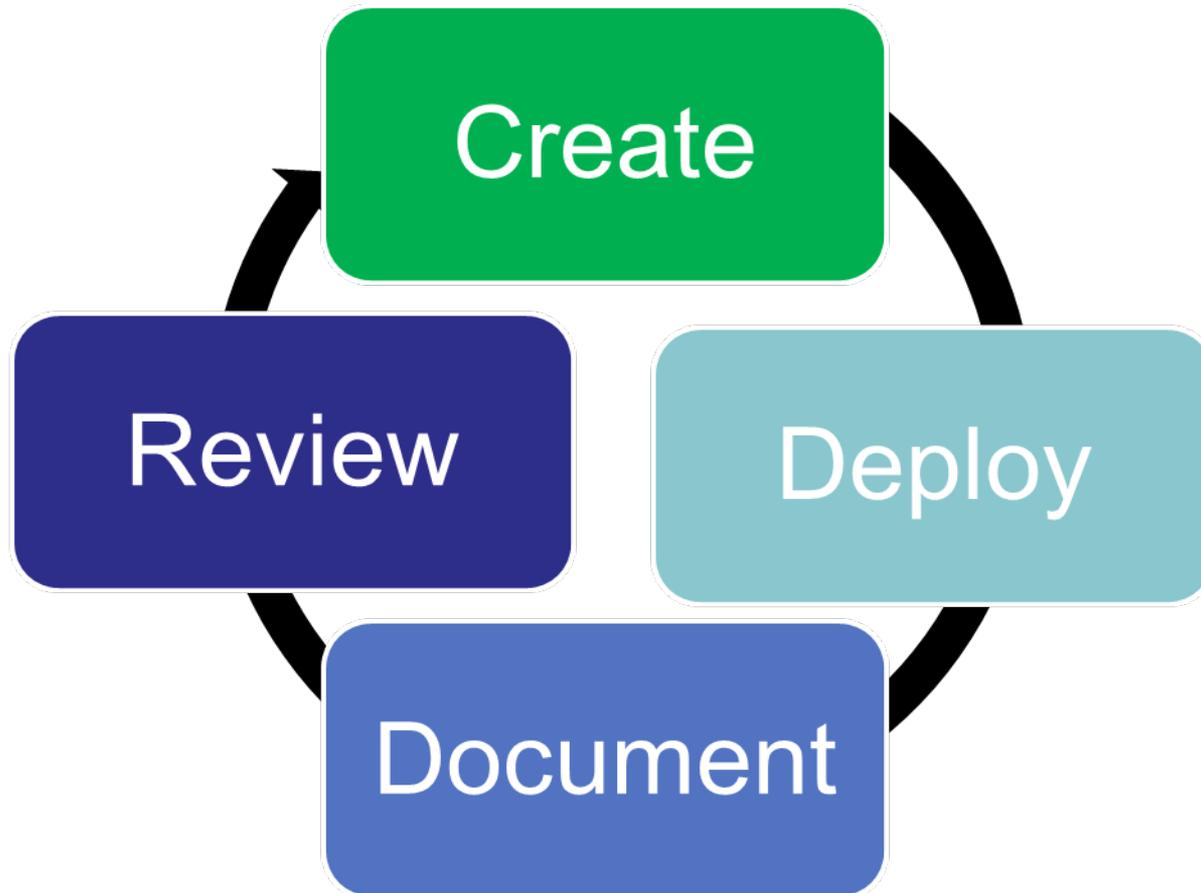
Wrapping Up



Key Take Home Messages



Vigorously Pursue allows for a process that ensures that PLWH continue to receive care and treatment services.





Providing Assistance with Tax Preparation



Grantees and subgrantees can use funds to assist clients with tax preparation as long as they are providing it as part of a service category that would work for this service.

Stay tuned for more guidance.



Free Tax Preparation



VITA - Volunteer Income Tax Assistance

<http://www.irs.gov/Individuals/Find-a-Location-for-Free-Tax-Prep>

AARP – Tax Aide

<http://www.aarp.org/applications/VMISLocator/searchTaxAideLocations.action>

Other Resources

<http://www.hhs.gov/news/press/2015pres/01/20150128a.html>

Preparing for tax season: The impact of the ACA on filing, penalties and tax exemptions

<http://www.hivhealthreform.org/webinars/webinar-archive/#2-12-15>



Key Resources



Affordable Care Act Tax Provisions

<http://www.irs.gov/Affordable-Care-Act/Affordable-Care-Act-Tax-Provisions>

Questions and Answers on the Premium Tax Credit

<http://www.irs.gov/Affordable-Care-Act/Individuals-and-Families/Questions-and-Answers-on-the-Premium-Tax-Credit>

IRS Premium Tax Credit

<http://www.irs.gov/publications/p17/ch37.html>



Additional Resources



- RWHAP Program and Affordable Care Act FAQs: <http://hab.hrsa.gov/affordablecareact/faqs.html>
- HIV/AIDS Bureau Affordable Care Act and RWHAP Resources: <http://hab.hrsa.gov/affordablecareact/>
- Policy Clarification Notices: <http://hab.hrsa.gov/manageyourgrant/policiesletters.html>
- Health Insurance Marketplace: www.healthcare.gov
- Target Center Affordable Care Act Resources: <https://careacttarget.org/library/affordable-care-act-ryan-white-hivaids-program>



Questions and Answers

To ask a question, please dial:

888-606-5929

And use the passcode: “**WEBCAST**”

Please then press ***1** to enter the question queue

Please mute your speakers when asking a question



Acknowledgements



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Thank You!



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