



Health Coverage and Federal Income Taxes

[Helpful Information for 2016 tax season]

Every year now you will be asked for information regarding your health insurance coverage on your federal tax return form. If you had health coverage in 2016, you will have to check a box on your tax return indicating you had health coverage for all of 2016. If you purchased coverage through the Health Insurance Marketplace (“Marketplace”), or did not have health coverage, you should be aware of the additional steps that will take place as part of the tax filing process.

Individuals and families with non-Marketplace coverage for all of 2016

If you had health coverage all year from a job, Medicare, COBRA, Medicaid, MICHild, Healthy Michigan or a plan you bought outside of the Marketplace, you will need to check a box on your tax return. You might receive a tax document called a Form 1095-B or a Form 1095-C in the mail from your insurance provider. You don’t need to attach this information to your tax return or wait to receive the form before filing your tax return.

Individuals and families who had a health plan through the Health Insurance Marketplace in 2016

If you bought a plan from the Marketplace, whether or not you received a tax credit, you will receive a tax document called a Form 1095-A. If you received an advanceable tax credit or if you didn’t receive one and wish to see if you qualify now, you will use the Form 1095-A to input some basic information when you file your taxes. When you signed up for health insurance, you had to estimate your income for 2016. Your estimated income determined the size of your tax credit. You need to compare your estimated income with your actual income, as this could impact the final amount of your tax credit. If your income or household size changed throughout the year, it could impact the final amount of your tax credit. You may see a smaller refund or owe money back if you underestimated your income. You may also get a bigger refund if you overestimated your income.

Individuals and families who did not have health coverage in 2016

If you did not have coverage for 3 months or more in 2016, you will pay a fee when you file your income tax return unless you qualify for an exemption. You can claim most exemptions on your tax return, but some exemptions are only available through the Marketplace.

There are a variety of exemptions available, including but not limited to: the cost of coverage was too expensive; you experienced a hardship (such as if you had medical expenses that resulted in substantial debt); a close family member passed away; or you experienced domestic violence. For a complete list of exemptions, visit www.healthcare.gov/taxes. If you do not qualify for an exemption - you will have to pay a fee with your federal tax return. The fee is based on your income and how many months you did not have coverage.

If you did not have health coverage for all of 2016, you will pay the higher of \$695 or 2.5% of your income, subject to certain caps. (Families are calculated at the greater of \$695 per adult and \$347.50 per child, limited to a family maximum of \$2085 or 2.5% of household income, subject to certain caps.) To determine your specific penalty, you may wish to consult with the IRS or your tax preparer.

Resources

www.IRS.gov/aca

www.healthcare.gov/taxes

www.IRS.gov/freefile

www.IRS.gov/VITA

Marketplace Call Center at 800-318-2596

IRS 800-829-1040

