

Vermont Health Connect & Federal Tax Implications

Vermonters who have health insurance through Vermont Health Connect, the state's health insurance marketplace, can learn how their coverage affects federal taxes from a number of sources. Links to helpful websites are shown below. Vermont sends its health insurance customers IRS tax forms 1095-A or 1095-B for tax filing: 1095-As are sent to Vermont Health Connect customers; 1095-Bs are sent to Medicaid customers. For questions about the information on your IRS tax forms, call Vermont Health Connect at **855-899-9600 (toll-free)**. For questions about tax filing, contact the IRS or a tax professional.

Federal Premium Tax Credit

Many Vermonters with insurance through Vermont Health Connect may get a federal subsidy to help lower the cost of their premiums. The subsidy is a tax credit, and it can be claimed either when filing the federal tax return or it can be taken in advance to help pay monthly premiums. If the tax credit is taken in advance, it is called an Advanced Premium Tax Credit, or APTC. Reporting any change of income or household size to Vermont Health Connect within 30 days is important in order to get the proper amount of tax credit. The 1095-A shows how much APTC a household actually received each month of the year. These tax credits are reconciled at tax filing. Therefore, if any changes to income or household size change the earned tax credit amount, that amount will either be due to the IRS or due back to the customer at tax filing. Tax credits earned and not taken in advance will also be due to the customer at tax filing.

Minimum Essential Coverage

Under the Affordable Care Act, the federal government, state governments, insurers, employers, and individuals are given shared responsibility to reform and improve the availability, quality, and affordability of health insurance coverage in the United States. Starting in 2014, the individual Shared Responsibility Provision (SRP) calls for each individual to do one of the following:

- have minimum essential coverage (MEC) for each month **or**
- qualify for an exemption **or**
- make a payment when filing his or her federal income tax return

Anyone without a health plan that qualifies as MEC may owe a fee that increases every year. In 2015, the fee was either 2% of household income or \$325 per adult, whichever is higher. In 2016, the fees increase to 2.5% of income or \$695 per adult. The fee for children is half the adult amount. Fees are paid on the federal income tax form.

Please visit the links below to learn more about available health care options through Vermont Health Connect.

Vermont Health Connect

- **Vermont Health Connect—Vermont’s health benefit exchange**
<http://healthconnect.vermont.gov/>
- **Subsidies for health care premiums, including federal tax credits**
http://info.healthconnect.vermont.gov/tax_credit_calculator
- **Small Business tax credit calculator**
http://info.healthconnect.vermont.gov/tax_credit_calculator_small_business
- **Vermont’s Navigator Program**
<http://info.healthconnect.vermont.gov/find>

Internal Revenue Service

- **Information about the Affordable Care Act for individuals, families, businesses & organizations**
<http://www.irs.gov/Affordable-Care-Act>
- **Q & A for the federal premium tax credit**
<http://www.irs.gov/uac/Newsroom/Questions-and-Answers-on-the-Premium-Tax-Credit>
- **Guidance on federal tax provisions for the Affordable Care Act**
<http://www.irs.gov/uac/Affordable-Care-Act-Tax-Provisions>
- **Individual shared responsibility provision (minimum essential coverage)**
<http://www.irs.gov/uac/Newsroom/The-Individual-Shared-Responsibility-Payment-An-Overview>
- **Understanding Tax Forms 1095-A, B and C**
- **Understanding Form 1095-B**
- **Understanding Tax Forms 1095-B and 1095-C**

