Part II – Exemptions & the Individual Shared Responsibility Payment

Tara Straw
November 4, 2014
## Steps in the Tax Return Related to the ACA

There is a requirement to have health insurance coverage starting Jan. 1, 2014. People without coverage may pay a shared responsibility payment.

<table>
<thead>
<tr>
<th>Step 1</th>
<th>Did everyone on the tax return have coverage all year?</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image" alt="Taxes" /></td>
<td><strong>YES</strong></td>
</tr>
<tr>
<td><img src="image" alt="Taxes" /></td>
<td><strong>NO</strong> Go to Step 2.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Step 2</th>
<th>Is anyone on the tax return eligible for an exemption from the coverage requirement for any month during the year?</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image" alt="Taxes" /></td>
<td>- Can this exemption be granted by the IRS on the tax return? <strong>OR</strong></td>
</tr>
<tr>
<td><img src="image" alt="Taxes" /></td>
<td>- Does this exemption require approval from the Marketplace?</td>
</tr>
</tbody>
</table>

| Step 3 | If no coverage and no exemption, calculate Individual Responsibility Payment using tax worksheet. |

| Step 4 | If someone on the tax return purchased coverage in the Marketplace and qualifies for a premium tax credit, complete Form 8962. |
Exemptions
### What is minimum essential coverage (MEC)?

#### Qualifies as MEC

<table>
<thead>
<tr>
<th>Employer sponsored coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Employee coverage</td>
</tr>
<tr>
<td>- COBRA</td>
</tr>
<tr>
<td>- Retiree coverage</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Individual health insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Purchased from a health insurance company</td>
</tr>
<tr>
<td>- Purchased through the Marketplace</td>
</tr>
<tr>
<td>- Provided through a student health plan</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Government-sponsored plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Medicare</td>
</tr>
<tr>
<td>- Most Medicaid</td>
</tr>
<tr>
<td>- CHIP</td>
</tr>
<tr>
<td>- Most TRICARE</td>
</tr>
<tr>
<td>- Most VA</td>
</tr>
<tr>
<td>- State high-risk insurance pools</td>
</tr>
<tr>
<td>- Peace Corps</td>
</tr>
<tr>
<td>- Refugee Medical Assistance</td>
</tr>
</tbody>
</table>

#### Limited benefits that are not MEC

- Single-benefit coverage (e.g., dental-only or vision-only plans)
- Accident or disability insurance
- Workers’ compensation
- AmeriCorps/AfterCorps coverage
- Limited-benefit Medicaid
  - Family planning services
  - Tuberculocis treatment
  - Pregnancy-related
  - Emergency medical condition
  - 1115 demonstrations
  - Medically needy
- Limited-benefit TRICARE
  - Space-available care
  - Line-of-duty care

Exemption available for 2014 – no penalty
Who needs an exemption?

• Most people have minimum essential coverage (MEC) all year
  – The vast majority tax filers will be able to check the box on Line 61

• Each individual on the tax return who did not have MEC for the entire year should be screened for exemption eligibility
  – Start with the exemptions that can be claimed on the tax return
    o Much simpler than applying for Marketplace applications on paper!
  – Some exemptions cover specific months; some are good all year
  – Some exemptions can be claimed directly on the tax return; others need advance approval from the Marketplace
  – Some exemptions represent “transition relief” to help taxpayers in 2014 only
Form 8965 at a Glance

**Form 8965 – Part I**
Exemptions Granted by the Marketplace

**Types of Exemption**
- Hardship (14+ types)
- Member of certain religious sects
- Incarceration*
- Membership in a Federally-recognized Indian tribe*

- In general, taxpayers must apply for these exemptions via paper application.
- People who were granted an exemption will receive an **ECN (exemption certificate number)**, a 6 digit letter/number code, that must be entered on Form 8965.

*Can also be claimed directly on the tax return!
Form 8965 at a Glance

Form 8965 – Part II
Coverage Exemptions for Your Entire Household

Type of Exemption
- Household income below filing threshold
- Gross income below filing threshold

- Expect tax software to calculate this
- This is the only exemption that applies to the entire household for the entire year
- The taxpayer does not need to file a return just to claim a coverage exemption if not otherwise required to file and income is below filing threshold

ACA: Everything You Need to Know
Form 8965 at a Glance

Form 8965 – Part III
Coverage Exemptions for Individuals on Your Return

Types of Exemption

- Insurance is unaffordable (>8% of income)
- Certain noncitizens
- Short coverage gap (< 3 months)
- Months prior to effective date of MEC that is effective on or before May 1, 2014
- Incarceration
- Membership in a Federally-recognized Indian tribe or eligibility for services of Indian Health Service
- Transition relief for 2014 for certain limited benefit and non-calendar year plans

- People who are eligible for an exemption from the IRS will enter an exemption type (A-G).

ACA: Everything You Need to Know
Types of Exemptions

**Does the taxpayer already have an exemption from the Marketplace?**

- **YES** Enter on Form 8965, Part I
- **NO**

**Does the taxpayer have income below the filing threshold?**

- **YES** Enter on Form 8965, Part II
- **NO**

**Exemptions for individuals** *(duration varies):*

<table>
<thead>
<tr>
<th>Exemption</th>
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<td>Code C</td>
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<td>Code D</td>
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<td>Federally-recognized Indian tribe or eligible for IHS</td>
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<tr>
<td>Limited benefit Medicaid</td>
<td>Code H</td>
</tr>
<tr>
<td>Incarceration</td>
<td>Code F</td>
</tr>
<tr>
<td>Insurance is unaffordable</td>
<td>Code A</td>
</tr>
<tr>
<td>Aggregate cost of insurance is unaffordable</td>
<td>Code G</td>
</tr>
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**Exemptions for individuals that have a limited duration:**

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<tr>
<td>Coverage by May 1 or “in-line”</td>
<td>Code G</td>
</tr>
<tr>
<td>Non-calendar year coverage</td>
<td>Code H</td>
</tr>
</tbody>
</table>

**Does anyone qualify for a Marketplace hardship exemption?**

- **NO**
- **YES** apply Enter on Form 8965, Part I

ACA: Everything You Need to Know
Exemptions for the Household

Part II of Form 8965
Line 7a: Household income below filing threshold

- What is household income?
  - Household income is modified adjusted gross income (MAGI) for each individual on the tax return with a tax filing requirement.
    - Include dependent income if dependent has a filing requirement
  - For exemptions and individual responsibility payment:

 Line 7b: Gross income below filing threshold

- What is gross income?
  - Gross income is all income received from all sources (unless exempt from tax)
    - Include the taxable portion of social security benefits and income (but not losses) on Schedules C, D or F.
  - Do not include income of dependents with a filing requirement.
Who should claim this exemption?

- A **taxpayer that does not have a filing requirement and does not file** gets the exemption automatically for everyone properly claimed on the tax return.
  - There is no need to file only to report health coverage or claim the exemption.
- A **taxpayer that does not have a filing requirement but chooses to file** anyway should file a Form 8965 if one or more people on the tax return are uninsured.
- A **taxpayer that has a tax filing requirement** should report coverage and check for exemption eligibility in Parts I or III of Form 8965.
- A **dependent with a filing requirement** doesn’t need to report coverage, exemptions or individual responsibility payment.

### Tax Filing Threshold (in 2014)

<table>
<thead>
<tr>
<th>Tax Filing Status</th>
<th>Tax Filing Threshold (in 2014)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>$10,150</td>
</tr>
<tr>
<td>Head of Household</td>
<td>$13,050</td>
</tr>
<tr>
<td>Married Filing Jointly</td>
<td>$20,300</td>
</tr>
<tr>
<td>Married Filing Separately</td>
<td>$3,950</td>
</tr>
<tr>
<td>Qualifying Widow(er) with Dependent Child(ren)</td>
<td>$16,350</td>
</tr>
</tbody>
</table>
Exemptions for Individuals

Part III of Form 8965
## Part III – Exemptions for Individuals Claimed on the Return

### Coverage Exemptions for Individuals Claimed on Your Return:

If you and/or a member of your tax household are claiming an exemption on your return, complete Part III.

<table>
<thead>
<tr>
<th>Name of Individual</th>
<th>SSN</th>
<th>Exemption Type</th>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>August</th>
<th>September</th>
<th>October</th>
<th>November</th>
<th>December</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sonia Reyes</td>
<td>111-22-3333</td>
<td>B</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**A-H**

Mark applicable months

**ACA: Everything You Need to Know**
This exemption applies to:

- Individuals who are not U.S. citizens, U.S. nationals or lawfully present (i.e., undocumented immigrants)
- 1040NR (or 1040NR-EZ) filers
- Individuals who are residents of U.S. territories
- U.S. citizens or residents who are absent from the U.S. for at least 330 full days within a 12-month period
- U.S. citizens who are bona fide residents of another country for the entire tax year.

**Example**

Fatima has an ITIN and files taxes but she is not lawfully present in the U.S. Her husband and daughter are U.S. citizens.

<table>
<thead>
<tr>
<th>Name of Individual</th>
<th>SSN</th>
<th>Exemption Type</th>
<th>Full Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fatima Diallo</td>
<td>999-11-1111</td>
<td>C</td>
<td>X</td>
</tr>
</tbody>
</table>
Short Coverage Gap (Code B)

- **Short coverage gap (< 3 months)**
  - If the coverage gap is 3 months or longer, none of the months in the gap qualify for exemption.
  - If there are multiple gaps in a year, only the first gap qualifies.

**Example**

- John doesn’t have insurance in January, February or March.
- He gets a new job in March and his insurance starts April 1.

John is uninsured. April 1 Coverage Begins

John does not qualify for the exemption for a short coverage gap because the gap is not *less than* three full calendar months.
Coverage Gap Prior to Obtaining MEC (Code G)

• Coverage gap prior to obtaining MEC that is effective by May 1, 2014
  – For a person who enrolls in Marketplace coverage, Medicaid or CHIP, or other individual or group insurance with an effective date on or before May 1, 2014, or
  – For people who were “in line” for Marketplace coverage at the end of open enrollment, even if their coverage effective date was after May 1.

Example

• John doesn’t have insurance in January, February or March.
• He gets a new job in March and his insurance starts April 1.

John qualifies for an exemption for months prior to the effective date of MEC that is effective on or before May 1.
Non-Calendar Year Employer-Sponsored Plan (Code H)

- Exemption is available if:
  - The person was eligible for, but did not enroll in, coverage offered by an employer, and
  - The coverage began in 2013 and ended in 2014
- Available for 2014 only

**Example**

- John’s employer offers health coverage with a plan year of July 1 – June 30.
- John is offered coverage starting July 1, 2013 and turns it down. He is uninsured.
- John is eligible for this exemption (Code H) for January – June 2014.

ACA: Everything You Need to Know
Exemption for Particular Individuals

• Exemption for incarcerated individuals (Code F or Marketplace exemption)
  – Can be claimed for any months someone on the tax return was incarcerated for at least one day in the month
  – What is incarceration?
    ▪ Confinement in a jail, prison or similar penal institution or correctional facility
    ▪ Does not include time in jail pending disposition of charges (being held but not convicted of a crime)
    ▪ Does not include time in probation, parole, or home confinement

Reminder:
Some exemptions can be claimed either from the Marketplace or on the tax return.
If someone already has a Marketplace exemption in hand, use it on Form 8965.
If not, claim the exemption directly on the tax return rather than attempting to get the same exemption through the Marketplace.
Exemption for Particular Individuals

- Exemptions based on **religion**
  - Members of a health care sharing ministry (**Code D** or Marketplace exemption)
  - Members of certain religious sects (Marketplace exemption)

- Exemptions based on **Indian tribe affiliation**
  - Members of a Federally-recognized Indian tribe (**Code E** or Marketplace exemption)
  - An American Indian, Alaska Native, spouse or dependent of either who is eligible for services through the Indian Health Services (**Code E** or Marketplace exemption)
Limited Benefit Medicaid and TRICARE (Code H)

- Some government coverage options are not MEC because they offer limited benefits
- Exemptions are available for:
  - Family planning services Medicaid
  - Pregnancy-related services Medicaid
  - Tuberculosis-related services Medicaid
  - Emergency medical condition Medicaid
  - Section 1115 Medicaid (limited-benefit coverage provided in some states to people who were not eligible for comprehensive Medicaid)
  - Medicaid for the medically needy (requires beneficiaries to “spend down” income into Medicaid range by paying for medical expenses)
  - Limited-benefit TRICARE coverage for space-available care
  - Limited-benefit TRICARE coverage for line-of-duty care
Coverage is Unaffordable (Code A)

• In many cases, this is the most complex exemption to claim
  – Because of this, consider using this exemption only when no other exemption applies.

• For insurance to be *unaffordable*, the cost of coverage must exceed 8 percent of household income.
  – Household income:

    \[
    \text{Modified Adjusted Gross Income (MAGI)} = \text{Adjusted Gross Income (AGI)} + \text{Tax-Exempt Interest} + \text{Excluded Foreign Income}
    \]

    - **Adjusted Gross Income (AGI)**: Line 37, IRS Form 1040
    - **Tax-Exempt Interest**: Line 8b, IRS Form 1040
    - **Excluded Foreign Income**: Lines 45 and 50, IRS Form 2555

• The key is understanding which plan cost to measure against household income
Coverage is Unaffordable (Code A)

Which plan cost should be compared to household income?

Is the taxpayer or family member eligible for coverage through an employer?

As an employee?
If yes, does the lowest-cost self-only plan cost more than 8% of household income? 
**Enter Code A for each applicable month**

As a member of the employee’s family?
If yes, does the lowest-cost plan that covers everyone on the return who is eligible for coverage and is not otherwise exempt cost more than 8% of household income? 
**Enter Code A for each applicable month**

Do two or more family members have offers of employer coverage?

(1) Individual coverage offers are affordable but (2) their combined cost is greater than 8% of income and (3) no family coverage is offered for less than 8% of income? 
**Enter Code G for the entire year**

Does the taxpayer or family member have no offer of employer-sponsored coverage?

If yes, does the lowest-cost bronze Marketplace plan for all uninsured, nonexempt members of the tax household cost more than 8% of household income?
- Find the lowest cost bronze plan at the Marketplace
- Account for any PTCs the person would have been eligible to receive

ACA: Everything You Need to Know

Part III: Exemptions Granted on Return
Coverage is Unaffordable (Code A)

Which plan cost should be compared to household income?

• What information does the taxpayer need?
  – *For employer offer:* The employee premium for the lowest cost employee or family plan (as applicable) offered during the 2014 plan year(s)
  – *For no employer offer:* The lowest cost bronze plan in the Marketplace after subtracting the amount of PTCs a person would be eligible to receive

• The problem: This information may be hard to obtain
Example: Affordability Exemption

Sonia Reyes is offered health insurance at work but she doesn’t accept it.

- Household Income: $47,000
- Sonia’s premium for employee-only plan:
  - $196/month ($2,350/year)
  - 5% of income
- Sonia’s premium for employee plus children:
  - $392/month ($4,700/year)
  - 10% of income
- No spousal coverage is offered

Do Sonia or her family qualify for exemptions based on affordability?
Example: Affordability Exemption

Test for Sonia (an employee with an offer of ESI)

Household Income: $47,000
Sonia’s premium for employee-only plan: $2,350/year (5% of income)
Sonia’s premium for employee plus children: $4,700/year (10% of income)
No spousal coverage is offered

Does the lowest-cost plan that covers only the employee cost more than 8% of household income?

- No, the lowest cost employee-only plan is 5% of income. The plan is considered affordable. Sonia does not qualify for exemption on the basis of affordability.
Example: Affordability Exemption

Test for the kids (family members with an offer of ESI)

Household Income: $47,000
Sonia’s premium for employee-only plan: $2,350/year (5% of income)
Sonia’s premium for employee plus children: $4,700/year (10% of income)
**No spousal coverage** is offered

Does the lowest-cost plan that covers the kids cost more than 8% of household income?
- Yes, the kids are eligible for an exemption because the cost of coverage is greater than 8% of household income.
- On Form 8965, the kids will be listed in Part III and Code A will be entered for each month.

What about Medicaid or CHIP?
The children may be eligible for Medicaid or CHIP, but eligibility for those programs is not taken into account in awarding this exemption.
Example: Affordability Exemption

Test for Gilberto (a person without an offer of ESI)

Household Income: $47,000
Sonia’s premium for employee-only plan: $2,350/year (5% of income)
Sonia’s premium for employee plus children: $4,700/year (10% of income)
No spousal coverage is offered

Does the lowest-cost bronze plan covering only Gilberto in the Marketplace, after accounting for premium tax credits, cost more than 8% of household income?

- His lowest cost bronze plan is $2,000 (4% of household income), taking into account premium tax credits. The plan is considered affordable. He is not eligible for this exemption.
Bob and Joan have jobs that offer health coverage to the employee only.

- **Household Income:** $45,000
- **Premium cost for Bob:** $2,400/year  
  5.3% of income
- **Premium cost for Joan:** $2,100/year  
  4.6% of income
- **Aggregate cost:** $4,500/year  
  10% of income
- Neither is offered family coverage that would cover them both for less than 8% of income

They can claim the **Code G** exemption because the total cost of coverage exceeds 8% of income.
Marketplace Exemptions
Why apply for an exemption through the Marketplace?

- A list of exemptions are available from the Marketplace but most are either:
  - Duplicative of exemptions that can be claimed directly on the tax return, or
  - Aren’t available retrospectively
- At the time of tax filing in 2015, three types of exemptions will be available through the Marketplace:
  1. Religious conscience
     - Members of religious sects that object to insurance coverage, including Medicare and Social Security (e.g., Mennonite, Amish)
  2. Membership in an Indian Tribe (also available on the tax return)
  3. Hardship
     - Many categories of hardship
Marketplace Exemptions: Hardship

### Hardship Exemptions Granted by Marketplace

<table>
<thead>
<tr>
<th>Financial or domestic circumstances</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Homelessness</td>
<td>At least one month before and after hardship</td>
</tr>
<tr>
<td>2. Eviction in the last 6 months or facing eviction or foreclosure</td>
<td></td>
</tr>
<tr>
<td>3. Utility shut-off notice</td>
<td></td>
</tr>
<tr>
<td>4. Domestic violence</td>
<td></td>
</tr>
<tr>
<td>5. Recent death of a close family member</td>
<td></td>
</tr>
<tr>
<td>6. Disaster that resulted in significant property damage</td>
<td></td>
</tr>
<tr>
<td>7. Bankruptcy in the last 6 months</td>
<td></td>
</tr>
<tr>
<td>8. Debt from medical expenses in the last 24 months</td>
<td></td>
</tr>
<tr>
<td>9. High expenses caring for ill, disabled or aging relative</td>
<td></td>
</tr>
<tr>
<td>10. Failure of another party to comply with a medical support order for a dependent child who is determined ineligible for Medicaid or CHIP</td>
<td></td>
</tr>
<tr>
<td>11. Through an appeals process, determined eligible for a Marketplace QHP, PTC, or CSR but was not enrolled</td>
<td></td>
</tr>
<tr>
<td>12. Determined ineligible for Medicaid because the state did not expand</td>
<td></td>
</tr>
<tr>
<td>13. Individual health insurance plan was cancelled and you believe Marketplace plans are considered unaffordable</td>
<td></td>
</tr>
<tr>
<td>14. Other hardship in obtaining coverage (including for people in AmeriCorps, VISTA and NCCC who are enrolled limited duration or self-funded coverage)</td>
<td></td>
</tr>
</tbody>
</table>

### When to Apply

Up to 3 years after the month of the hardship (but documentation is required in most circumstances so earlier is better)
Marketplace Exemptions: Hardship #12

Ineligible for Medicaid based on state decision not to expand

- Available to low-income adults (<138% FPL)
- To receive this exemption, the taxpayer must:
  - Have applied for Medicaid before December 31, 2014, and
  - Be denied Medicaid because the state did not expand coverage
- **Problem:** Few people understood that a denial was required in order to get the exemption
- For those who did apply for and were denied Medicaid:
  - Many will receive an automatic exemption without applying for the exemption at the Marketplace
  - A person will **not** get an automatic exemption if he or she:
    - Applied directly at the state Medicaid agency instead of the Marketplace
    - Applied at the Marketplace but had income above the poverty line
  - *If a person never applied for Medicaid in 2014, they are ineligible for this exemption.*
Applying for a Hardship Exemption

• Consider a Marketplace exemption if a member of the household is:
  - Uninsured for one or more months, and
  - Not eligible for an exemption that is claimed directly on the tax return.
• A Marketplace exemption application must be printed, completed and mailed
• Processing takes 2+ weeks (may be significantly longer)

Should I Make a Referral to Complete a Hardship Application?
• A referral to a health care assister is one option but it causes additional delay
• Consider helping the client complete the hardship application at your tax site
• No special health care knowledge is needed. Application requires:
  – Name and contact info
  – Dependents
  – Documentation of exemption
  – Taxpayer’s signature

Hardship application
Applying for a Hardship Exemption

- Most hardship exemptions require documentation of the hardship.
  - E.g., Hardship of utility shut-off requires a copy of the shut-off notice

Note:
- The exemptions claimed on the tax return apply to both the FFM and state-run marketplaces.
- For exemptions that must be approved by the Marketplace, the FFM is processing exemptions for all states except Connecticut.
Types of Exemptions

Does the taxpayer already have an exemption from the Marketplace?  
YES → Enter on Form 8965, Part I

NO ->

Does the taxpayer have income below the filing threshold?  
Applies to the entire household for the entire year.

YES → Enter on Form 8965, Part II

NO

Exemptions for individuals (duration varies):

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</tr>
</tbody>
</table>

Does anyone qualify for a Marketplace hardship exemption?  

NO

YES 
apply 

Enter on Form 8965, Part I
Individual Shared Responsibility Payment (ISRP)

aka Individual Responsibility Payment
aka “Penalty”
<table>
<thead>
<tr>
<th>Year</th>
<th>Full-year payment is greater of:</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>1% of income above tax filing threshold (up to cap*)</td>
</tr>
<tr>
<td>2015</td>
<td>2% of income above tax filing threshold (up to cap*)</td>
</tr>
<tr>
<td>2016</td>
<td>2.5% of income above tax filing threshold (up to cap*)</td>
</tr>
<tr>
<td>&gt; 2016</td>
<td><em>Values increased by a cost-of-living adjustment</em></td>
</tr>
</tbody>
</table>

* Capped at national average premium of a bronze level plan purchased through a Marketplace. For 2014, the cap is **$2,448 per individual** ($204 per month per individual), with a maximum of $12,240 for a family with five or more members ($1,020 per month for a family with five or more members).
Calculating the ISRP—Partial Year Coverage

• The ISRP is prorated for the number of months without coverage during the tax filing year

Uninsured and not eligible for exemption

Gets a job with employer coverage

Without coverage for 7 months

ISRP = 7/12 of annual calculation
Example: John (Single)

Income: $17,000 (148% FPL)
Filing Status: Single
Adults: 1
Children: 0

Tax Filing Threshold: $10,150
Months Uninsured: 12

**Penalty Calculation:**

1. $17,000 - $10,150 = $6,850
   \[
   \frac{\$6,850}{\text{x 1%}} = \$68.50
   \]

2. $95 x 1 adult = $95.00

ISRP for 2014
Calculating the ISRP - Single

- **$0**
- **$100**
- **$200**
- **$300**
- **$400**
- **$500**
- **$600**

= ISRP amount in 2014

**Tax Payment (in 2014)**

- **$95**
- **$10,150** (household income)
- **$19,950** (household income)

**Household Income**

- **no penalty**

**1% of income**

ACA: Everything You Need to Know
Calculating the ISRP - Married Filing Jointly with 1 child

- $0 to $237.50: $20,300 (household income)
- $237.50 to $238.50: $237.50 ($95 x 2 adults + $47.50 x 1 child)
- $238.50 to $43,050 (household income): $43,050
- No penalty
**Example: Reyes Family (Married Filing Jointly)**

- **Income:** $39,500 (168% FPL)
- **Filing Status:** Married, filing jointly
- **Adults:** 2 (both uninsured)
- **Children:** 2 (both uninsured)

**Tax Filing Threshold:** $20,300

**Months Uninsured:** 12

**ISRP Calculation:**

1. $39,500 - $20,300 = $19,200
   
   $192.00 x 1%

2. $95 x 2 adults
   
   $47.50 x 2 children = $285.00

**ISRP for 2014**
Example: Reyes Family (Married Filing Jointly)

Income: $39,500 (168% FPL)
Filing Status: Married, filing jointly
Adults: 2 (one insured)
Children: 2 (both insured)

Tax Filing Threshold: $20,300
Months Uninsured: 12

ISRP Calculation:
1. $39,500 - $20,300 = $19,200
   $19,200 x 1% = $192.00
   ISRP for 2014

2. $95 x 1 adults = $95.00
Resources

Exemptions

• IRS Coverage Exemption Table (with descriptions)

• Draft Form 8965

• Draft Instructions for Form 8965

• Marketplace exemption information and applications
  https://www.healthcare.gov/fees-exemptions/fees-exemptions-overview/

Shared Responsibility

• IRS – Affordable Care Act Resources
  www.irs.gov/aca

• IRS – Shared Responsibility Resources
Contact Info

• Tara Straw, tstraw@cbpp.org
• Halley Cloud, cloud@cbpp.org

For more information and resources, please visit:
www.healthreformbeyondthebasics.org

This is a project of the Center on Budget and Policy Priorities, www.cbpp.org