

Affordability Exemptions

Codes A and G

Step 1:

To begin, screen the uninsured person for eligibility for other exemptions. (One requirement of the affordability exemption is that the person is not eligible for other exemptions.)

Step 2:

Then add the TaxWise ACA Affordability Worksheet by clicking the "Add Forms" button above the forms tree.

- 1040 Aff Wkt is the form used for all affordability exemptions

Form	Description
Add 1040 Aff Wkt	ACA Affordability Worksheet
Add 1040 MCA Wkt	ACA Marketplace Affordability Worksheet

Step 3:

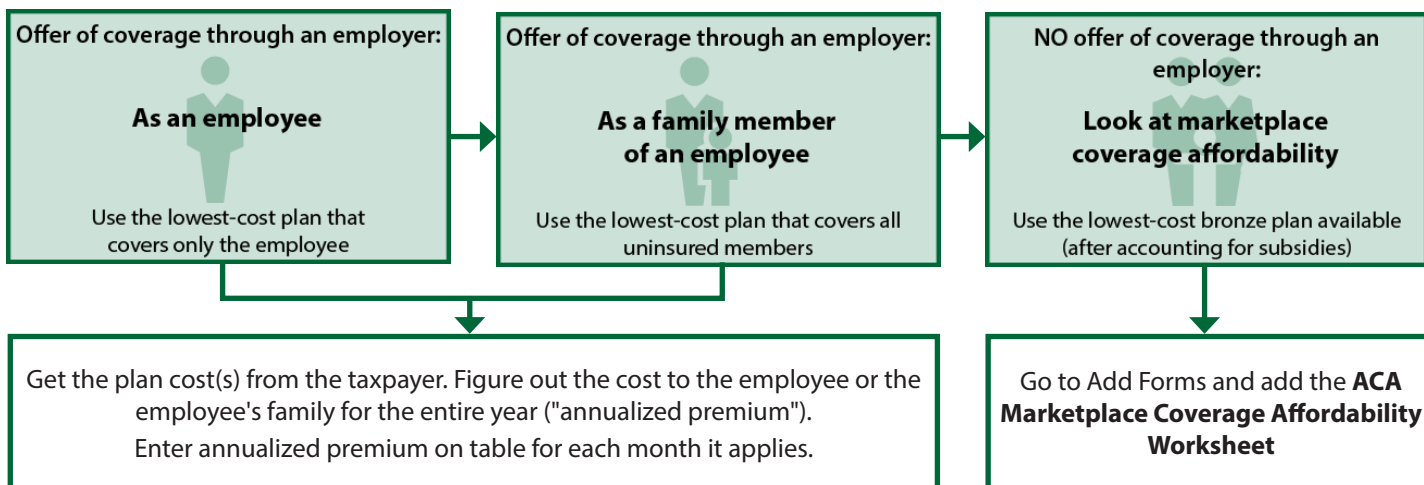
At the top of the ACA Affordability Worksheet, TaxWise will carry over the income. (Make sure all income is entered.) If someone in the household paid for coverage through a salary reduction agreement, add that amount back as income on Line 2.

TaxWise ACA Affordability Worksheet	
US	Affordability Worksheet 2015
Part A: Affordability Threshold	
1 Household income from ACA worksheet	
2 Premiums paid through a salary reduction arrangement and excluded from gross income	
3 Total of lines 1 and 2	
4 Affordability threshold	

Line 4 is the Affordability Threshold—the maximum affordable amount. Compare the cost of insurance below to the Affordability Threshold.

Step 4:

Determine what type of affordability exemption each uninsured person in the household might be eligible for. There are three options offered on the ACA Affordability Worksheet. STOP at the first one that applies to each uninsured household member.



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Step 5:

Calculate the affordability of the offer of coverage:

$$\text{Cost of annualized premium for a month} > \text{Amount on Line 4 (Affordability Threshold)}$$

= Insurance is unaffordable

A person can claim **Code A** exemption on Form 8965 for that month

Employer Coverage Example: Are Fred or Wilma eligible for the affordability exemption?

Let's take a married couple, Fred and Wilma, who were uninsured all year. Their household income was \$25,000 for the year. Wilma's employer offered both employee coverage and family coverage:

- The employee-only premiums cost \$150/month (*Annualized premium: $150 \times 12 = 1,800$*)
- The employee + spouse premiums cost \$400/month (*Annualized premium: $400 \times 12 = 4,800$*)

Example: ACA Affordability Worksheet, Affordability Threshold

Part A: Affordability Threshold	
1 Household income from ACA worksheet	25,000
2 Premiums paid through a salary reduction arrangement and excluded from gross income	
3 Total of lines 1 and 2	25,000
4 Affordability threshold	2,013

Example: ACA Affordability Worksheet, Annualized Premiums

Members of your tax household	Wilma	Fred
January	1,800	4,800
February	1,800	4,800
March	1,800	4,800
April	1,800	4,800
May	1,800	4,800
June	1,800	4,800
July	1,800	4,800
August	1,800	4,800
September	1,800	4,800
October	1,800	4,800
November	1,800	4,800
December	1,800	4,800

= Line 3 x 8.05%
(% of affordability in 2015)

Annualized premiums

Wilma: \$1,800 < \$2,013

Not eligible for Code A exemption

Fred: \$4,800 > \$2,013

Eligible for Code A exemption

Complete Form 8695

Code G – If multiple people in the household have employer coverage offers:

There is a special exemption that may be claimed if the self-only offer is affordable but the combined cost crosses the Affordability Threshold. This can only be claimed if:

- Multiple people have employer offers of coverage.
- The cost of self-only coverage is affordable for each. (Each is less than the Affordability Threshold.)
- The cost of self-only coverage for both, combined, exceeds the Affordability Threshold.
- Family coverage is not offered, or, if it is offered, its cost exceeds the Affordability Threshold.

If this exemption applies for any month of the year, the Code G exemption can be claimed for the entire year for the entire household.

Affordability Exemptions

Marketplace Coverage Affordability Worksheet

Caution: Use this exemption only if the uninsured person does not have an offer of coverage from an employer.

Add the Marketplace Coverage Affordability Worksheet by clicking the "Add Forms" button above the forms tree.

TaxWise ACA Marketplace Affordability Worksheet	
US	Marketplace Coverage Affordability Worksheet 2015
Name: <input type="text"/>	SSN: <input type="text"/>
Click here to access healthcare.gov https://www.healthcare.gov/taxes/tools/bronze	
1 Enter the monthly premium for the lowest cost bronze plan that covers everyone in your tax household for whom a personal exemption deduction is claimed, who is not eligible for employer coverage, and who does not qualify for another coverage exemption for the month	0
2 Household income	0
3 Nontaxable social security benefits on this return	0
Enter the total nontaxable social security benefits for any dependents who must file a tax return	0
Total nontaxable social security benefits	0
4 Add lines 2 and 3	0
5 Federal poverty line - check the appropriate box for the state you resided in. If you moved during 2015 and you lived in Alaska and / or Hawaii, or if filing jointly and you and your spouse lived in different states, check all of the boxes that apply. The table that results in the highest income will be used. <input type="checkbox"/> Alaska <input type="checkbox"/> Hawaii <input checked="" type="checkbox"/> Other 48 states and DC	0
6 Divide line 4 by line 5. If the result is (without rounding) less than 100 or more than 400, skip lines 7 through 10	0 %
7 Applicable figure from the table in the instructions	0.0000
8 Multiply line 4 by line 7	0
9 Divide line 8 by 12	0
10 Enter the monthly premium for the second lowest cost silver plan premium that covers everyone in your tax household for whom a personal exemption deduction is claimed, who is not eligible for minimum essential coverage (other than coverage in the individual market), and who does not qualify for another coverage exemption for the month	0
11 Subtract line 9 from line 10	0
12 Subtract line 11 from line 1. This is the individual's required contribution for the month	0
13 This is the annualized monthly premium. Enter this amount in the Affordability Worksheet for each month the individual was eligible for marketplace coverage	0

Line 1:

Asks for the **lowest cost bronze plan (LCBP)** for everyone in the tax household who is:

- not offered employer-sponsored insurance, and
- not otherwise exempt.

Find this value using the Tax Tool for your Marketplace. (See Addendum on using the Tax Tool.) **Remember: Include** people who are insured through Medicare or Medicaid! **If married filing separately**, enter LCBP here and on Line 12

Line 5:

Check the box for the appropriate poverty line

Line 6:

If **less than 100%**, skip lines 7-10. This percentage will also help identify who is eligible for Medicaid in Line 10.

Line 13: The annualized monthly premium.

Enter this amount on the ACA Affordability Worksheet for each month it applies

Line 10:

Asks for **second lowest cost silver plan (SLCSP)** for everyone who is:

- not eligible for other MEC, or
- not eligible for another exemption.

Using the same Tax Tool you used to determine the amount in Line 1, find the SLCSP. **Remember: Exclude** people who are eligible for or enrolled in employer-sponsored coverage, Medicare, Medicaid, and other public coverage.

TO DETERMINE MEDICAID ELIGIBILITY FOR THE TAX TOOL:

If the taxpayer lives in a Medicaid expansion state:

- If FPL % on Line 6 is less than 138% FPL (or a higher number, depending on your state's rules in Table 1), consider the person eligible for Medicaid. Line 10 is zero.

If the taxpayer lives in a state that did not expand Medicaid:

If FPL % on Line 6 is less than 138%, did you consider Code G (residing in a state that did not expand Medicaid)?

Otherwise:

- If FPL % is less than 100%, skip Lines 7-10. Line 10 is zero.
- If FPL % is 100%-400%, consider the adults eligible for PTC. Enter SLCSP value in Line 10.
- A child will have a value in Line 10 if the FPL % on Line 6 is less than the FPL % in Table 1.

Affordability Exemptions

Medicaid and CHIP Eligibility Levels

Table 1: Medicaid and Children's Health Insurance Program (CHIP) Income Eligibility Levels

	A child is eligible for Medicaid/CHIP if income is below:			An adult is eligible for Medicaid if income is below:	
	<i>(N/A means threshold is below 100%—An adult with income below 100% is ineligible for PTC and Line 10 is zero)</i>				
	Ages 0-1	Ages 1-5	Ages 6-18	Adults (w/o dependent child)	Parents (w/ dependent child)
Alabama		317%		N/A	
Alaska		208%		138%	143%
Arizona		200%		138%	
Arkansas		216%		138%	
California		266%		138%	
Colorado		265%		138%	
Connecticut		323%		138%	155%
Delaware		217%		138%	
District of Columbia		324%		215%	221%
Florida		215%		N/A	
Georgia		252%		N/A	
Hawaii		313%		138%	
Idaho		190%		N/A	
Illinois		318%		138%	
Indiana		262%		139%	
Iowa	380%	307%		138%	
Kansas		244%		N/A	
Kentucky		218%		138%	
Louisiana		255%		N/A	
Maine		213%		N/A	105%
Maryland		322%		138%	
Massachusetts		305%		138%	
Michigan		217%		138%	
Minnesota	288%	280%		138%	
Mississippi		214%		N/A	
Missouri		305%		N/A	
Montana		266%		138%	
Nebraska		218%		N/A	
Nevada		205%		138%	
New Hampshire		323%		138%	
New Jersey		355%		138%	
New Mexico	305%		245%	138%	
New York		405%		138%	
North Carolina		216%		N/A	
North Dakota		175%		138%	
Ohio		211%		138%	
Oklahoma		210%		N/A	
Oregon		305%		138%	

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	<i>(N/A means threshold is below 100%—An adult with income below 100% is ineligible for PTC and Line 10 is zero)</i>				
	Ages 0-1	Ages 1-5	Ages 6-18	Adults (w/o dependent child)	Parents (w/ dependent child)
Pennsylvania		319%		138%	
Rhode Island		266%		138%	
Sourth Carolina		213%		N/A	
South Dakota		209%		N/A	
Tennessee		255%		N/A	101%
Texas		206%		N/A	
Utah		205%		N/A	
Vermont		317%		138%	
Virginia		205%		N/A	
Washington		317%		138%	
West Virginia		305%		138%	
Wisconsin		306%		100%	
Wyoming		205%		N/A	

Source: Kaiser Family Foundation, "Medicaid and CHIP Income Eligibility Limits for Children as a Percent of the Federal Poverty Line": [kff.org/health-reform/state-indicator/medicaid-and-chip-income-eligibility-limits-for-children-as-a-percent-of-the-federal-poverty-level](https://www.kff.org/health-reform/state-indicator/medicaid-and-chip-income-eligibility-limits-for-children-as-a-percent-of-the-federal-poverty-level)

Kaiser Family Foundation, "Medicaid Income Eligibility Limits for Adults as a Percent of the Federal Poverty Line": [kff.org/health-reform/state-indicator/medicaid-income-eligibility-limits-for-adults-as-a-percent-of-the-federal-poverty-level](https://www.kff.org/health-reform/state-indicator/medicaid-income-eligibility-limits-for-adults-as-a-percent-of-the-federal-poverty-level)

Affordability Exemptions

How to Use the Healthcare.gov Tax Tool

Who should use this tool?

Taxpayers who live in federal marketplace (Healthcare.gov) states. If you live in a state with a state-based marketplace, contact the marketplace by phone or online.

To begin, go to [Healthcare.gov/Tax-Tool](https://www.healthcare.gov/tax-tool).

- Select "Claim an 'affordability' exemption"

The screenshot shows the 'Health coverage tax tool' interface. At the top, there's a navigation bar with 'START', 'FIRST FAMILY MEMBER', 'OTHER FAMILY MEMBERS', 'REVIEW', and 'RESULTS'. The main heading is 'Health coverage tax tool'. Below that, a section titled 'Get information you need to claim an affordability exemption' explains that users need to know the premiums of two health plans available to their family in 2015. A link is provided for 'What's an "affordability exemption," and do I qualify?'. A box titled 'WHAT YOU'LL NEED TO USE THIS TOOL:' lists four requirements: ZIP code and county for each family member in 2015, birthdate of each family member, months without other coverage exemption, and months not eligible for Marketplace coverage. A green 'GET STARTED' button is at the bottom.

These instructions focus on using the tool to claim the affordability exemption but the tool also allows a taxpayer to find their SLCSF to complete or correct Column B of the Form 1095-A.

The next screens ask for the year of the exemption sought and provide an overview of what information you need to use the tool.

The screenshot shows the 'Family member 1' section of the 'Household Members' tool. It includes a definition: 'Family member 1 should be the primary taxpayer in your family. If a married couple files a joint return, either spouse may be Family member 1. Your family is everyone (including you) for whom a personal exemption is claimed on your tax return.' Below this, there are input fields for 'DATE OF BIRTH' with labels for 'Month', 'Day', and 'Year'. The 'Month' field is labeled 'Two digit month', 'Day' is 'Two digit day', and 'Year' is 'Four digit year'. At the bottom, there is an 'OTHER INFORMATION' section with a checkbox for 'This person uses tobacco' and an information icon.

The Tax Tool asks you to enter all members of the household, even those with other coverage or exemption.

Affordability Exemptions

How to Use the Healthcare.gov Tax Tool

HC.gov Tax Tool, Step 1

Health coverage eligibility and exemption status

Step 1 of 2: **Family member 1**

Select the months that this family member:

- **Was** eligible for employer coverage OR
- **Had** another coverage exemption

<input type="checkbox"/> January	<input type="checkbox"/> February	<input type="checkbox"/> March	<input type="checkbox"/> April
<input type="checkbox"/> May	<input type="checkbox"/> June	<input type="checkbox"/> July	<input type="checkbox"/> August
<input type="checkbox"/> September	<input type="checkbox"/> October	<input type="checkbox"/> November	<input type="checkbox"/> December

SELECT ALL MONTHS **UNSELECT ALL MONTHS**

Step 1 for each family member determines whether someone will be included in the lowest cost bronze plan (LCBP), which you will enter on Line 1 of the ACA Marketplace Coverage Affordability Worksheet.

Follow the instructions closely! **Check the boxes** for the months the person was:

- Eligible for employer-sponsored coverage (from their own employer or a member of their family on the same tax return)
- Eligible for another exemption

Leave the boxes unchecked if those circumstances don't apply.

HC.gov Tax Tool, Step 2

Health coverage eligibility and exemption status

Step 2 of 2: **Family member 1**

Select the months in 2015 that this family member was eligible for coverage outside the Marketplace, like Medicare, Medicaid, CHIP, or an employer plan.

Any months for which you indicated that this family member was eligible for other coverage or qualified for another exemption are disabled. This family member is either not eligible for or does not need an affordability exemption for these months.

<input type="checkbox"/> January	<input type="checkbox"/> February	<input type="checkbox"/> March	<input type="checkbox"/> April
<input type="checkbox"/> May	<input type="checkbox"/> June	<input type="checkbox"/> July	<input type="checkbox"/> August
<input type="checkbox"/> September	<input type="checkbox"/> October	<input type="checkbox"/> November	<input type="checkbox"/> December

SELECT ALL MONTHS **UNSELECT ALL MONTHS**

Step 2 for each family member determines whether someone will be included in the second lowest cost silver plan (SLCSP), which you will enter on Line 10 of the ACA Marketplace Coverage Affordability Worksheet.

Follow the instructions closely! **Check the boxes** for the months the person was:

- Eligible for or enrolled in Medicare, Medicaid, or CHIP. Months will be disabled if you said in Step 1 that a person was eligible for employer-sponsored coverage or exemption. Refer to the eligibility table addendum to make an accurate assumption about Medicaid eligibility.

Leave the boxes unchecked if those circumstances don't apply.

Affordability Exemptions

How to Use the Healthcare.gov Tax Tool

HC.gov Tax Tool, Review Information

Review your information

YEAR 2015 EDIT

FIRST FAMILY MEMBER

DATE OF BIRTH: 1/2/1968 EDIT

COVERAGE INFORMATION	LOCATIONS
Was eligible for employer coverage OR Had another coverage exemption for the following months: January - December	Location: 15931, Cambria County PA January - December
Was eligible for coverage outside the Marketplace for the following months: None	

OTHER FAMILY MEMBERS

SPOUSE

Date of Birth: 1/2/1970 REMOVE EDIT

COVERAGE INFORMATION	LOCATIONS
Was eligible for employer coverage OR Had another coverage exemption for the following months: None	Lived With First All Year
Was eligible for coverage outside the Marketplace for the following months: None	

+ ADD AN ADDITIONAL FAMILY MEMBER

Next, several screens will ask for the family's zip code and whether they lived in the same place for all months.

Then, **confirm the information for each family member.**

Remember: Print out the review information and the results page screens for the taxpayer's records.

The **results page** shows the LCBP and SLCSF for the household.

NOTE:

If household income on the ACA Marketplace Worksheet is less than 100% FPL or greater than 400% FPL, use only the LCBP. Do not enter the SLCSF amount on Line 10 of the Worksheet (because the person is not eligible for PTC).

If the taxpayer's filing status is married filing separately, use only the LCBP. Do not enter the SLCSF amount on Line 10 of the Worksheet (because the person is not eligible for PTC).

HC.gov Tax Tool, Results Page

Your tax information

INFORMATION TO CLAIM AN AFFORDABILITY EXEMPTION

These monthly premiums are used to determine your eligibility for an affordability exemption. See IRS Form 8965 Instructions, Marketplace Coverage Affordability Worksheet (page 10). Use the numbers below to complete the Worksheet and Form 8965 when you file your 2015 tax return.

Enter premiums on the lines of the Marketplace Affordability Worksheet indicated below.

	Monthly Lowest cost Bronze plan premium	Monthly Second lowest cost Silver plan premium
January	\$151.73	\$184.84
February	\$151.73	\$184.84
March	\$151.73	\$184.84
April	\$151.73	\$184.84

Affordability Exemptions

State-Based Marketplace Tax Tools

State	Links	Tips
California	Plan compare tool (2015): www.coveredca.com/shopand-compare/2015 Exemptions information	This tax tool requires use of the plan selection tool. Remember that the people who are included in Line 1 and Line 10 of the Marketplace Affordability Worksheet may be different. You may need to run two searches of the plan selection tool. Enter a high income figure (\$100,000) to get the LCBP and SLCSPP values that can be used in the worksheet. Otherwise, plan compare will factor in Medicaid and PTC eligibility in the results.
Colorado	LCBP: lowestbronze.connectforhealthco.com SLCSP: taxinfo.connectforhealthco.com <i>General tax information:</i> Exemptions information	The LCBP tool only allows you to list one family member at a time. The SLCSPP tool allows the entry of multiple household members.
Connecticut	General tax information	Call AccessHealthCT for LCBP and SLCSPP information: 1-855-909-2428
District of Columbia	LCBP: www.dchealthlink.com/sites/default/files/v2/forms/2015_Bronze_Plan_Listing.pdf (note: PDF) SLCSP: www.dchealthlink.com/individuals/2015-tax-info/slcsp-calculator <i>General tax information</i>	The LCBP is in a pdf and the SLCSPP is found in a tax tool that asks enough questions to do an approximate Medicaid determination. (This eliminates the guesswork for tax preparers in understanding whether the taxpayer should have a value on Line 10 of the Marketplace Affordability Worksheet.)
Hawaii	General tax information	Call Hawaii Health Connector for LCBP and SLCSPP: 1-877-628-5076
Idaho	General tax information (click on the download link for tools)	SLCSPP and LCBP tools are downloadable Excel tools.
Kentucky	General tax information (scroll to the bottom of the page)	Look up the LCBP and SLCSPP in different links. Note that the instructions for the LCBP are incorrect. Enter everyone who meets the definition for Line 1 (including people in public coverage). Do not just enter people who are uninsured.
Maryland	LCBP: www.marylandhealthconnection.gov/assets/mhc_Form8965_Worksheet.pdf SLCSP: www.marylandhealthconnection.gov/assets/mhc_Form1095_Worksheet.pdf <i>General tax information</i>	Note that the instructions for the LCBP are incorrect. Enter everyone who meets the definition for Line 1 (including people in public coverage). Do not just enter people who are uninsured.
Massachusetts	LCBP: betterhealthconnector.com/2015-lcbp-calculator SLCSP: betterhealthconnector.com/2015-slcsp-calculator <i>Tax Documents and Exemptions</i> <i>General tax information</i>	
Minnesota	Instructions: www.mnsure.org/individual-family/mandate/fines-exemptions.jsp#lookup-instructions Find plans link (use a plan start date in 2015)	This tax tool requires use of the plan selection tool. Remember that the people who are included in Line 1 and Line 10 of the Marketplace Affordability Worksheet may be different. You may need to run two searches of the plan selection tool. After answering some medical questions about provider networks and deductibles, the plans are listed. Sort plans from lowest to highest cost.
New Mexico	Use Healthcare.gov	
New York	Instructions and links LCBP: info.nystateofhealth.ny.gov/sites/default/files/Lowest-Cost-Bronze-Plan-Table-2015.pdf (note: PDF) SLCSP: info.nystateofhealth.ny.gov/sites/default/files/Table%20of%20SLCSP%202015.pdf (note: PDF)	
Nevada	Use Healthcare.gov	
Oregon	Use Healthcare.gov	
Rhode Island	<i>Exemptions information:</i> General tax information	Call HealthSource RI for LCBP and SLCSPP information: 1-855-840-4774
Washington	LCBP: www.wahbexchange.org/current-customers/your-1095-a-statement/lowest-cost-bronze-plan-premium SLCSP: www.wahbexchange.org/current-customers/your-1095-a-statement/second-lowest-cost-silver Affordability exemption general information	Note that the instructions for the LCBP are incorrect. Enter everyone who meets the definition for Line 1 (including people in public coverage). Do not just enter people who are uninsured.