

ACA COMPLIANCE FLOWCHART

How to use this tool:

- Complete Intake & Interview (I&I) ACA section for each **Person** for each month of the year until you have answers for all months; notate facts and answers on I&I.
- Determine the existence of **MEC**, employer offers, or government-sponsored insurance (GSI) eligibility for each **Person** (you may need to revisit GSI eligibility after the year's tax return data is entered). F8965 instructions and Pub 974 provide details regarding coverage and their classification.
- For each **Person**, go through the flow chart (on a month-by-month basis if circumstances change).
- When testing for an affordability exemption, return to these instructions and read the additional information below.
- Medicaid and CHIP (both are types of GSI) eligibility vary by state - counselors should rely primarily on a good interview and can also have a general understanding of the income threshold or other criteria that may apply in their state (see appendix).
- An individual filing a return who cannot claim their own personal exemption generally does not need to answer any ACA questions. *Exception:* if that individual enrolled him/herself, received **APTC** and is not claimed as a dependent by another, then individual must file and reconcile **APTC** (pay back in full).
- Do not use a F1095-A marked VOID nor the previously issued F1095-A.
- **APTC** creates a tax return filing requirement for the responsible individual.
- Specific tax software entries are not included. Compare the result on the return with the conclusions from the chart.

Definitions

- Affordability Threshold = (Household Income A plus pretax medical) multiplied by Percentage X
- **AGI** – adjusted gross income as shown on the tax return
- **APTC** – advance PTC
- **ECN** – exemption certificate number
- **FPL** – federal poverty line
- **Household Income A** = AGI + exempt interest income + excluded foreign income (include income of dependent only if dependent has a filing requirement due to gross income)
- **Household Income B** = AGI + exempt interest income + excluded foreign income + untaxed social security (include income of dependent only if dependent has a filing requirement due to gross income)
- **LCBP** - lowest cost bronze plan

| |
|--|
| Percentage X: TY 2014 = 8% TY 2015 = 8.05% TY 2016 = 8.13% TY 2017 = 8.16% |
|--|

- **MEC** - minimum essential coverage
- **MFJ** - married filing joint
- **MFS** - married filing separately
- **Mkt** - federal or state health insurance marketplace
- **Person** - **TP**, **SP** and / or each dependent claimed on the return
- **PTC** – premium tax credit
- **Short Gap** – must be less than 3 months; may need to look back to prior year; no need to look to following year; a month covered by MEC or another exemption is not a "gap" month; limit one short gap per **Person** per tax year
- **SLCSP** – second lowest cost silver plan (look up on Mkt if not reported or incorrect on F1095-A)
- **SP** – spouse
- **SRP** – (individual) shared responsibility payment
- **TP** – taxpayer

ACA COMPLIANCE FLOWCHART, cont.

Employer offers for affordability exemption:

- **Family Coverage** - lowest cost employer offer that would cover every **Person** who is eligible for the coverage and does not qualify for another coverage exemption.
 - If employer offers separate policies, add up fewest number of policies needed to cover **Persons** eligible for employer coverage.
 - **Person(s)** who has no employer offer uses the marketplace coverage affordability (MCA) test - even though other **Persons** use the employer offer affordability test.
- F1095-C may note whether family coverage was offered but not the cost; **TP** must provide offer information (may need to contact his/her employer).
- Not treated as an employer offer if it is not affordable (using a higher Mkt-set percentage) or does not provide minimum value - F1095-C (if any) will identify. *Note: getting **APTC** from **Mkt** means the offer was not affordable.*
- An employer offer for at least one day counts as an employer offer for the month for the affordability exemption.
- See F8965 instructions for certain employer arrangements (e.g. wellness incentives) - should be reflected in the offer on F1095-C.

Marketplace Coverage Affordability (MCA) exemption:

- Follow the line instructions on the worksheet found in F8965 instructions very carefully.
- Line 1: **LCBP** for all **Persons** who did not have an offer of employer coverage and do not have another exemption. Include **Persons** who have or are eligible for coverage from the individual market, government-sponsored coverage or "other" coverage as shown on the **MEC** chart in F8965 instructions (reproduced in Pub 4012).
- Line 10: **SLCSP** only if **TP** is eligible for **PTC** (e.g. income greater than 100% and less than 400% of **FPL**); and, **Person** is eligible for **PTC** and does not have another exemption.
 - Include **Persons** who can get coverage only on the individual market.
 - Exclude **Persons** who have or are eligible for government-sponsored, employer or "other" coverage.

Status of State Medicaid Expansion in 2016

Expansion states:

AK, AR, AZ, CA, CO, CT, DC, DE, HI, IA, IL, IN, KY, MA, MD, MI, MN, MT, ND, NH, NJ, NM, NV, NY, OH, OR, PA, RI, VT, WA, WV

Nonexpansion states:

AL, FL, GA, ID, KS, ME, MO, MS, NC, NE, OK, SC, SD, TN, TX, UT, VA, WI, WY

Expanded effective July 1, 2016: LA

Medicaid eligibility is determined, in part, by the income level of the Medicaid household and the age of the individual. See Appendix for the 2016 table or <https://www.medicaid.gov> for more information for your state. Note that some Medicaid programs are administered at the county level and may have different income eligibility rates.

CHART 1: ACA COVERAGE EXEMPTIONS - F 8965

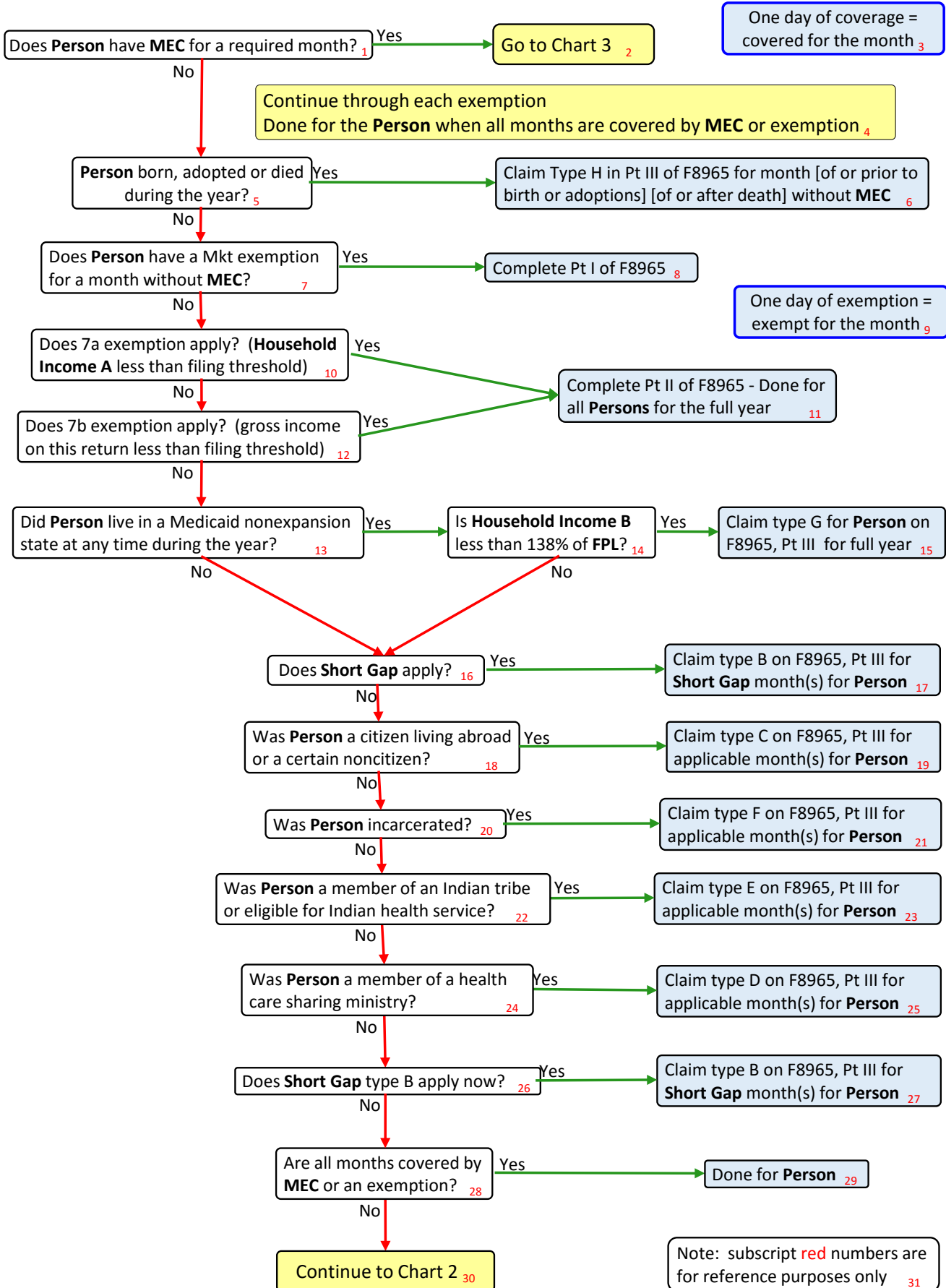


CHART 2: ACA COVERAGE EXEMPTIONS - F 8965

Calculate **Affordability Threshold** and compare to
 1) annualized employer offer (use Annualized Premium Worksheet), or
 2) annual **Mkt** coverage net cost 33

From Chart 1 32

Did **Person** have an offer for self-only (F1095-C, if any) or family **MEC** from any employer for any day in the month? 34

Was the employer offer for self-only **MEC** for the **Person** (F1095-C, if any)? 35

Using F8965 Marketplace Coverage Affordability worksheet (MCA), is net cost more than **Affordability Threshold**? 36

Is employer offer for lowest cost self-only **MEC** for **Person** more than **Affordability Threshold**? 37

Is employer offer of **Family Coverage** more than **Affordability Threshold**? 38

Omit **Person** from **SLCSP** (MCA worksheet line 10) if **Person** or **TP** is not eligible for **PTC**. Refer to Chart 3 and notes. 39

Does **Short Gap** type B apply now? 40

Does **Short Gap** type B apply now? 43

Was there a self-only offer from more than one employer (e.g. **TP**'s and **SP**'s)? 41

Claim type A on F8965, Pt III for **Person** for applicable month 42

Claim type A on F8965, Pt III for each **Person** included in **LCBP** quote for applicable month(s) 44

Aggregate test:
 1) Each self-only offer is less than **Affordability Threshold**, and
 2) Combined self-only offers are more than **Affordability Threshold**, and
 3) No offer for **Family Coverage** that is less than **Affordability Threshold**
 Note: it does not matter if an offer is actually taken 45

Will **TP** apply for a hardship or other **Mkt** exemption? 46

Claim type G on F8965, Pt III for all **Persons** eligible for **MEC** under the offer(s)
 Note: exemption applies to full year if test is met at all during the year 49

Compute **SRP** for the **Person** 47

Complete Pt I of 8965 - use "PENDING" for **ECN** 48

If **SRP** applies, verify entries and calculation of **SRP** 50

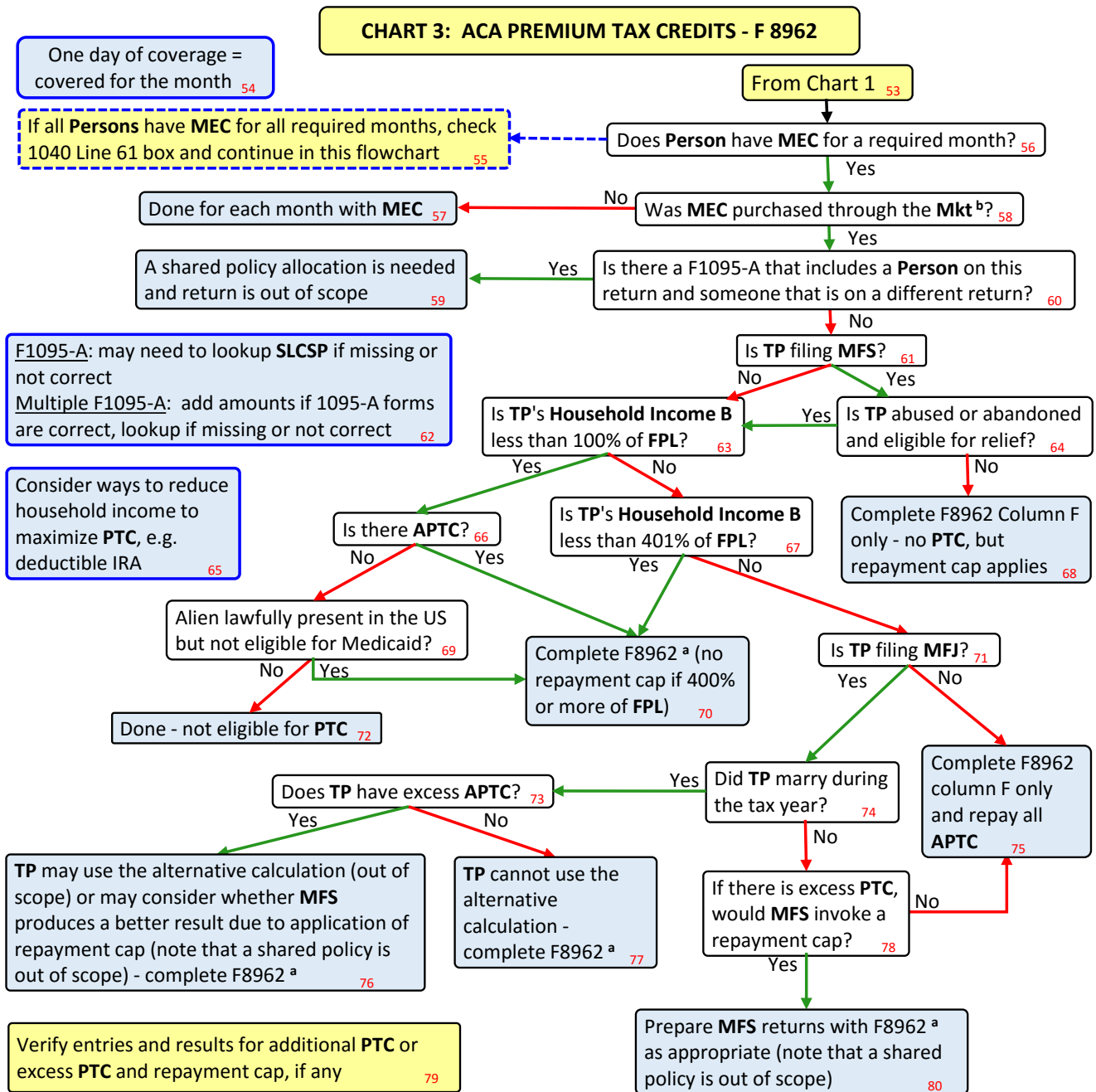
Verify entries for coverage or exemption for each **Person** on the return and that there is no **SRP** if not required 51

Annualized premium worksheet - Complete a separate worksheet for each part-year period.

1. Enter the premiums paid during the part-year period _____
2. Enter the number of full months in the part-year period _____
3. Divide line 1 by line 2 _____
4. Multiply line 3 by 12.0. This is your annualized premium _____

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CHART 3: ACA PREMIUM TAX CREDITS - F 8962



^a **Not eligible for PTC:**

- **TP** is claimed as a dependent by another **TP**.
- **TP** cannot claim **PTC** for an individual that is not a **Person** (except shared policy allocation).
- Eligible for **MEC** other than in the individual market for the full month.
 - Employee must be a **Person** for employer offer to deny **PTC** (e.g. unmarried partner's employer offer does not count).
 - See Pub 974 **PTC** eligibility for 3-months after eligibility for and prior to effective month of government-sponsored coverage, e.g. Medicare. Not considered eligible until actually enrolled in some government plans - Pub 974, e.g. VA or some TRICARE, Medicaid or Medicare.
- Not lawfully present in the U.S. or incarcerated; but can claim **PTC** for a **Person** that is lawfully present or not incarcerated.
- **Person** actually has employer or government sponsored coverage for the full month (except retro coverage).
- Caught in family glitch (self-only employer **MEC** is affordable, family offer is not affordable): a **Person** in the family offer is tied to the employee and not eligible for **PTC**.
- Premium not paid by due date of the return.
- Whoever enrolls an individual whose dependency exemption is not claimed by any **TP** must repay **APTC** with respect to that individual.
- TY2016 or later, if claim Health Coverage Tax Credit on F8885 (out of scope).

^b **Mkt** coverage must be as of the first day of the month; see exception for **Persons** added during the month in Pub 974. ⁸¹

Medicaid and CHIP Eligibility Levels *

CMS has worked with states to “convert” their Medicaid and CHIP eligibility levels to be based on modified adjusted gross income (MAGI) as required by the Affordable Care Act. Not all populations that are enrolled in Medicaid and CHIP will have their eligibility determined based on MAGI. The table below reflects eligibility levels in each state for key MAGI coverage groups, relative to the federal poverty guidelines, as of April 1, 2016.

State Medicaid and CHIP Income Eligibility Standards ¹
(For selected MAGI Groups, based on state decisions as of June 1, 2016)

| | Children | | | | Pregnant Women | | Adults (Medicaid) | |
|---------------------|--------------------------------|--------------------------------|---------------------------------|----------------------------|----------------|-------------------|-------------------------------|---------------------|
| | Medicaid Ages 0-1 ² | Medicaid Ages 1-5 ² | Medicaid Ages 6-18 ² | Separate CHIP ³ | Medicaid | CHIP ⁴ | Parent/Caretaker ⁵ | Expansion to Adults |
| Alabama | 141% | 141% | 141% | 312% | 141% | N/A | 13% | No |
| Alaska ⁶ | 203% | 203% | 203% | N/A | 200% | N/A | 142% (\$) | 133% |
| Arizona | 147% | 141% | 133% | 200% ⁷ | 156% | N/A | 106% | 133% |
| Arkansas | 142% | 142% | 142% | 211% | 209% | N/A | 17% (\$) | 133% |
| California | 261% | 261% | 261% | 317% ⁸ | 208% | N/A | 109% | 133% |
| Colorado | 142% | 142% | 142% | 260% | 195% | 260% | 68% | 133% |
| Connecticut | 196% | 196% | 196% | 318% | 258% | N/A | 150% | 133% |
| Delaware | 212% | 142% | 133% | 212% (1-18) | 212% | N/A | 87% | 133% |
| District of Col. | 319% | 319% | 319% | N/A | 319% | N/A | 216% | 210% |
| Florida | 206% | 140% | 133% | 210% (1-18) | 191% | N/A | 29% (\$) | No ⁹ |
| Georgia | 205% | 149% | 133% | 247% | 220% | N/A | 34% (\$) | No |
| Hawaii ⁶ | 308% | 308% | 308% | N/A | 191% | N/A | 105% | 133% |
| Idaho | 142% | 142% | 133% | 185% | 133% | N/A | 24% (\$) ¹⁰ | No ¹⁰ |
| Illinois | 142% | 142% | 142% | 313% | 208% | N/A | 133% | 133% |
| Indiana | 208% | 158% | 158% | 250% | 208% | N/A | 19% (\$) | 133% |
| Iowa | 375% | 167% | 167% | 302% (1-18) | 375% | N/A | 54% (\$) | 133% |
| Kansas | 166% | 149% | 133% | 238% | 166% | N/A | 33% | No |
| Kentucky | 195% | 159% | 159% | 213% | 195% | N/A | 23% (\$) | 133% |
| Louisiana | 212% | 212% | 212% | 250% | 133% | N/A | 19% | 133% (7/1/16) |
| Maine | 191% | 157% | 157% | 208% | 209% | N/A | 100% | No ⁹ |
| Maryland | 317% | 317% | 317% | N/A | 259% | N/A | 123% | 133% |
| Massachusetts | 200% | 150% | 150% | 300% | 200% | N/A | 133% | 133% ⁹ |
| Michigan | 212% | 212% | 212% | N/A | 195% | N/A | 54% | 133% |
| Minnesota | 283% ¹¹ | 275% | 275% | N/A | 278% | N/A | 133% | 200% ¹² |
| Mississippi | 194% | 143% | 133% | 209% | 194% | N/A | 23% (\$) | No |
| Missouri | 196% | 150% | 150% | 300% | 196% | 300% | 18% (\$) ¹⁰ | No ¹⁰ |
| Montana | 143% | 143% | 143% | 261% | 157% | N/A | 24% (\$) | 133% |
| Nebraska | 213% | 213% | 213% | N/A | 194% | N/A | 58% | No |
| Nevada | 160% | 160% | 133% | 200% | 160% | N/A | 32% (\$) | 133% |
| New Hampshire | 318% | 318% | 318% | N/A | 196% | N/A | 68% (\$) | 133% |
| New Jersey | 194% | 142% | 142% | 350% | 194% | 200% | 32% (\$) | 133% |
| New Mexico | 300% | 300% | 240% | N/A | 250% | N/A | 46% (\$) | 133% |
| New York | 218% | 149% | 149% | 400% | 218% | N/A | 133% | 200% ¹² |
| North Carolina | 210% | 210% | 133% | 211% (6-18) | 196% | N/A | 44% (\$) | No ⁹ |
| North Dakota | 147% | 147% | 133% | 170% | 147% | N/A | 52% (\$) | 133% |
| Ohio | 206% | 206% | 206% | N/A | 200% | N/A | 90% | 133% |
| Oklahoma | 205% | 205% | 205% | N/A | 133% | N/A | 41% (\$) ¹⁰ | No ¹⁰ |
| Oregon | 185% | 133% | 133% | 300% | 185% | N/A | 40% (\$) | 133% |
| Pennsylvania | 215% | 157% | 133% | 314% | 215% | N/A | 33% | 133% |
| Rhode Island | 261% | 261% | 261% | N/A | 190% | 253% | 116% | 133% |
| South Carolina | 208% | 208% | 208% | N/A | 194% | N/A | 62% | No |
| South Dakota | 182% | 182% | 182% | 204% | 133% | N/A | 57% (\$) | No |
| Tennessee | 195% | 142% | 133% | 250% | 195% | N/A | 103% (\$) | No |
| Texas | 198% | 144% | 133% | 201% | 198% | N/A | 15% (\$) | No |
| Utah | 139% | 139% | 133% | 200% | 139% | N/A | 44% (\$) ¹⁰ | No ¹⁰ |
| Vermont | 312% | 312% | 312% | N/A | 208% | N/A | 53% (\$) | 133% |
| Virginia | 143% | 143% | 143% | 200% | 143% | 200% | 49% (\$) | No |
| Washington | 210% | 210% | 210% | 312% | 193% | N/A | 40% (\$) | 133% |
| West Virginia | 158% | 141% | 133% | 300% | 158% | N/A | 19% (\$) | 133% |
| Wisconsin | 301% | 186% | 151% | 301% (1-18) | 301% | N/A | 95% ¹⁰ | No/95% |
| Wyoming | 154% | 154% | 133% | 200% | 154% | N/A | 55% (\$) | No |

* Reformatted from original. See footnotes on next page.

1. Note that this table reflects the principal but not all MAGI coverage groups. All income standards are expressed as a percentage of the federal poverty level (FPL). For the eligibility groups reflected in the table, an individual's income, computed using the Modified Adjusted Gross Income (MAGI)-based income rules described in 42 CFR 435.603, is compared to the income standards identified in this table to determine if they are income eligible for Medicaid or CHIP. The MAGI-based rules generally include adjusting an individual's income by an amount equivalent to 5% FPL disregard. Other eligibility criteria also apply, for example, with respect to citizenship, immigration status and residency.
2. These eligibility standards include CHIP-funded Medicaid expansions.
3. CHIP covers birth through age 18 unless otherwise noted in parentheses.
4. States have the option to cover pregnant women under CHIP. This table does not include notations of states that have elected to provide CHIP coverage of unborn children from conception to birth.
5. Reflects Medicaid state plan coverage of the eligibility group for parents and other caretaker relatives. Parents and caretaker relatives with income over the income standard for coverage under this group may be eligible for coverage in the adult group in states that have expanded to cover the adult group. In states that use dollar amounts based on household size, rather than percentages of the FPL, to determine eligibility for parents, we converted those amounts to a percentage of the FPL and selected the highest percentage to reflect the eligibility level for the group. States that actually use dollar amounts in making determinations are indicated by (\$).
6. The dollar values that represent the FPLs in Alaska and Hawaii are higher than in the contiguous 48 states. For example, as of 2016, 100% of the FPL for a family of four is equal to \$30,380 in Alaska and \$27,950 in Hawaii, compared to \$24,300 in the other 48 states and the District of Columbia.
7. The separate CHIP program in Arizona has been closed to new applicants and will begin new enrollment on September 1, 2016.
8. The separate CHIP program in California operates in three counties only.
9. The state covers some 19 and 20 year olds – FL (29%), ME (156%), MA (150%), NC (44%).
10. The state has a section 1115 demonstration that provides Medicaid coverage to some additional low-income adults. The demonstration includes limitations on eligibility and/or benefits, is not offered to all residents of the state, and/or includes an enrollment cap.
11. Minnesota covers children up to age 2 with income up to 283% of the FPL.
12. Adults with incomes between 133 and 200% of the FPL are covered through the Basic Health Program.

