

Taxes, Reconciling APTC, Failure to Reconcile, and Marketplace Exemptions

This job aid describes information Navigators, Certified Application Counselors (CACs), and Enrollment Assistance Personnel (EAPs) (collectively, assisters) need to know about taxes, reconciling advance payments of the premium tax credit (APTC), Failure to Reconcile policies and Marketplace exemptions.

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Version 1.0. March 2024. This information is intended only for the use of entities and individuals certified to serve as Navigators, certified application counselors, or non-Navigator assistance personnel in a Federally-facilitated Marketplace. The terms “Federally-facilitated Marketplace” and “FFM,” as used in this document, include FFM where the state performs plan management functions. Some information in this manual may also be of interest to individuals helping consumers in State-based Marketplaces and State-based Marketplaces using the Federal Platform. This material was produced and disseminated at U.S. tax filer expense.

Overview

Although assisters should never provide tax or legal advice regarding tax filing, Advance Payments of the Premium Tax Credit (APTC) reconciliation, or exemptions, they may help consumers understand the general purpose of Internal Revenue Service (IRS) tax forms and the health coverage exemption application, as well as Marketplace-related components of the APTC reconciliation process.

Marketplace-Related Tax Forms

Form 1095-A Information

IRS Form 1095-A is a prepopulated tax form (like a Form W-2) that the Marketplace sends to consumers each year that shows certain information about each covered consumer's Marketplace coverage.¹

Form 1095-A provides consumers with information about their Marketplace health coverage, as well as the Marketplace coverage of any member of their household, including:

- Premiums for the Marketplace plan or plans enrolled in by household members
- Advance payments of the premium tax credit (APTC) used
- An amount called the “second lowest cost Silver plan” (SLCSP) premium.
 - The SLCSP premium is the premium for the household's benchmark plan that is used to determine the amount of APTC the consumer is eligible for when purchasing Marketplace coverage. The household members (called the tax household or tax family) include the consumer, the consumer's spouse if filing a joint return, and the consumer's tax dependents. In most cases, a consumer will find their SLCSP premium on their Form 1095-A. They can also use the [Health Coverage Tax Tool](#) to get their SLCSP premium.

Consumers will use information from their Form 1095-A to file IRS Form 8962 with their annual federal income tax return so they can do the following:

- Reconcile APTC, if applicable, with their allowed premium tax credit (PTC).
- Claim the PTC if they are enrolled in Marketplace coverage without APTC, or if their allowed PTC exceeds their APTC, and they are eligible for PTC.

Consumers should get their Form 1095-A in the mail by mid-February. Consumers can also access their Form 1095-A online from the “Tax Forms” section in their Marketplace account by January 31, and often as soon as mid-January (instructions for accessing the form online are available at [HealthCare.gov/tax-form-1095](https://www.healthcare.gov/tax-form-1095)).

NOTE: Marketplace consumers who were enrolled in Catastrophic plans or dental-only coverage will not receive a Form 1095-A for that coverage.

Form 1095-A Corrections

If a consumer believes enrollment-related information listed on the Form 1095-A may be incorrect, they should contact the Marketplace Call Center. Once a consumer has filed a Form 1095-A complaint with the Marketplace Call Center, the Marketplace will research the issue to determine if a correction is necessary and:

- Update the Marketplace data to generate a Corrected or Void Form 1095-A, if necessary.
- Generate and mail Corrected or Void Forms 1095-A and upload them to the consumer's Marketplace account. The Corrected or Void Form 1095-A will have the "corrected" or "void" check box marked, and the Marketplace will also report the corrected information to the IRS.

Note: Changes to Social Security Number (SSN), name, and/or date of birth provided on a consumer's current Marketplace application can be made online or with the assistance of the Marketplace Call Center. These data elements do not need to be updated on a consumer's Form 1095-A for a consumer to complete their tax return.

Form 8962 Information

If Form 1095-A shows that APTC was paid on behalf of a consumer or a member of their tax household, the household's tax filer is required to file a federal income tax return for the year of coverage and include with the return a completed IRS Form 8962 to reconcile the APTC.

Electronically filed federal income tax returns will be automatically rejected by the IRS if the tax filer is required to reconcile because APTC was paid for the tax filer or another member of the tax filer's tax household but the federal tax return does not include Form 8962, or a sufficient written explanation for not including it. The IRS will continue to contact tax filers who file paper returns without the required Form 8962 or a written explanation to request the missing form.

APTC Reconciliation

The APTC reconciliation process compares two figures:

- The amount of APTC paid on behalf of the consumer or a member of their tax household during the year based on their estimated household income and household size for the year; and
- The amount of PTC the consumer qualifies for based on their actual household income and household size for the year.

Any difference between the two figures will affect a tax filer's federal income tax refund or tax owed.

Navigators in the Federally-facilitated Exchanges (FEEs) are required to help consumers with Marketplace-related components of the APTC reconciliation process and with understanding the availability of IRS resources on this processⁱⁱ, including:

- Obtaining Internal Revenue Service (IRS) Form [1095-A, Health Insurance Marketplace Statement](#), and [Form 8962, Premium Tax Credit](#) (PTC), and providing general information on these forms;
- Understanding how to report errors on Form 1095-A;
- How to find Silver plan premiums, including the second-lowest-cost Silver plan (SLCSP or "benchmark" plan) premiums, using the [Health Coverage Tax Tool](#) at HealthCare.gov; and
- Potential consequences for consumers for whom APTC was paid during two consecutive tax years and who failed to file and reconcile for both tax years.

Additionally, Navigators are required to refer consumers to licensed tax advisers, tax preparers, or other resources for assistance with tax preparation and tax advice related to consumer questions on APTC reconciliation.

Failure to File and Reconcile

Failure to Reconcile (FTR) Determination

Note: At the time of this publication, the Centers for Medicare & Medicaid Services (CMS) has suspended FTR operations and will not end APTC eligibility for a consumer merely because APTC paid for the consumer for a prior tax year has not been reconciled.

FTR occurs when APTC for individuals who have Marketplace coverage is not reconciled because the individual, or the tax filer responsible for reconciling the individual's APTC, fails to file their federal income tax return for the year of coverage or files a return but does not include Form 8962 with the return. Prior to Open Enrollment (OE), the Marketplace checks IRS data to determine if federal income tax returns were filed and APTC was reconciled for the most recent tax year(s) for which data is available. If APTC for an individual has not been reconciled when the Marketplace requests income verification data from the IRS about the individual, the IRS will return a response to the Marketplace indicating that the individual's APTC has not been reconciled (referred to as having an "FTR status").

Consumers with an FTR status typically receive Marketplace notices warning them to file their federal income tax returns and reconcile past APTC immediately and to attest on their application during OE to having filed and reconciled, if they have, in fact, done so. Then, in the new year following OE, the Marketplace performs a recheck of IRS data to verify that those who

attested to filing and reconciling on their application during OE actually filed their federal income tax returns and reconciled their APTC. This process is called “FTR Recheck.”

Effective June 18, 2023, an individual’s FTR status will result in the individual being ineligible for APTC only if the individual’s APTC has not been reconciled for two consecutive years (specifically, years for which tax data will be utilized for verification of household income and family size). However, CMS has temporarily paused FTR operations until the Department of Health and Human Services (HHS) and the IRS are able to implement the new FTR policy for plan year 2025.

Prior to the pause in FTR operations, Marketplace enrollees who didn’t update their applications to attest to filing and reconciling and get automatically re-enrolled in coverage for the new plan year would have had their APTC removed effective January 1 of the new plan year. When FTR operations are resumed, enrollees will have their APTC removed effective January 1 of the new plan year if they fail to file and reconcile their past APTC for two consecutive years, rather than one.

Regaining APTC

Beginning with plan year 2025 eligibility determinations, if consumers fail to file federal income tax returns and reconcile APTC for two consecutive tax years, as verified with IRS data, consumers may lose their APTC. If a consumer is found to have failed to file and reconcile APTC for two consecutive tax years, consumers must file a federal income tax return and reconcile past APTC immediately for the applicable tax years to remain eligible for APTC for the new plan year.

Consumers who remain enrolled in full-cost coverage after losing APTC eligibility can return to the Marketplace and attest to filing and reconciling after they have done so. The consumer will then become eligible for APTC again (if otherwise eligible) and will be eligible for a Special Enrollment Period (SEP) to make changes to their enrollment and can apply APTC to their plan prospectively. This SEP is only available to current enrollees.

Consumers who drop coverage because they lost APTC and then file a federal income tax return and reconcile APTC as required must qualify for a different type of SEP to re-enroll in coverage with APTC or wait until the next OE. Consumers can find more information on SEP qualifying events at [HealthCare.gov/coverage-outside-open-enrollment/special-enrollment-period/](https://www.healthcare.gov/coverage-outside-open-enrollment/special-enrollment-period/).

Exemptions to Obtain Catastrophic Coverage

Consumers no longer need to report to the IRS whether they had full-year health care coverage or qualify for an exemption since the individual shared responsibility payment is \$0. However, consumers age 30 and older who wish to purchase Catastrophic coverage through the Marketplace must apply for an exemption through the Marketplace and obtain an Exemption Certificate Number (ECN). Consumers under age 30 do not need to claim an exemption or obtain an ECN if they wish to purchase Catastrophic coverage.

There are two types of exemptions:

- **Affordability** (income-related). A consumer could qualify for this exemption if the lowest-priced coverage available to them, through either a Marketplace or job-based plan, would cost more than 7.97% (for 2024) of their household income.
- **Hardship**. A consumer could qualify for this exemption if they had a financial hardship or other circumstance that prevented them from getting health insurance.

Catastrophic health insurance plans have low monthly premiums and very high deductibles. They may be an affordable way for consumers to protect themselves from worst-case scenarios, like getting seriously sick or injured. But with a catastrophic plan, consumers will be required to pay for most routine medical expenses themselves.

If a consumer is eligible for an exemption, Catastrophic health plan options will display when the consumer shops for coverage through the Marketplace.

For more information on Catastrophic health plans, visit [HealthCare.gov/choose-a-plan/catastrophic-health-plans](https://www.healthcare.gov/choose-a-plan/catastrophic-health-plans). For more information on hardship and affordability exemptions, visit [HealthCare.gov/health-coverage-exemptions/forms-how-to-apply](https://www.healthcare.gov/health-coverage-exemptions/forms-how-to-apply).

Assister Tips

Consumer Questions that Should be Directed to the Marketplace	Consumer Questions that Should be Directed to the IRS
<ul style="list-style-type: none"> ▪ Why did I receive this Form 1095-A? ▪ I never received Form 1095-A. How can I get the form or the information I need? ▪ Where can I find Form 1095-A in my online account? ▪ How do I get another copy of my Form 1095-A? ▪ What do I need to do with this Form 1095-A? ▪ What does this information on Form 1095-A mean? ▪ I heard there was a form I should have received from the Marketplace. Where do I get mine? ▪ I think my Form 1095-A may have gone to the wrong address. What should I do? ▪ Why did I get more than one Form 1095-A? ▪ This information does not look correct. How can I change it? ▪ I added a dependent, but they are not on my Form 1095-A. What should I do? 	<ul style="list-style-type: none"> ▪ Do I qualify for the PTC? ▪ Who is a family member for purposes of the PTC? ▪ What is household income? ▪ How do I report health coverage on my income tax return? ▪ Will IRS verify that consumers had minimum essential coverage (MEC)? ▪ I received Form 1095-A. How should I report this on my federal income tax return? ▪ How do I use Form 1095-A to fill out Form 8962? ▪ How do I get a copy of Form 8962? ▪ I received a corrected Form 1095-A. Do I need to amend my federal income tax return?

Resources

[Microlearning module](#): *Locating Form 1095-A at HealthCare.gov During Tax Season and Determining the Second-lowest-cost Silver Plan (SLCSP)*

HealthCare.gov:

- [HealthCare.gov/taxes](https://www.healthcare.gov/taxes)
- [HealthCare.gov/taxes-reconciling](https://www.healthcare.gov/taxes-reconciling)
- [HealthCare.gov/tax-tool/#/](https://www.healthcare.gov/tax-tool/#/)
- [HealthCare.gov/tax-form-1095/](https://www.healthcare.gov/tax-form-1095/)
- Hardship and Affordability Exemption forms: [HealthCare.gov/health-coverage-exemptions/forms-how-to-apply/](https://www.healthcare.gov/health-coverage-exemptions/forms-how-to-apply/)

IRS.gov:

- [IRS.gov/affordable-care-act](https://www.irs.gov/affordable-care-act)
- [Form 1095-A](https://www.irs.gov/form1095-a) and [Form 1095-A instructions](https://www.irs.gov/form1095-a-instructions)
- [Form 8962](https://www.irs.gov/form8962) and [Form 8962 instructions](https://www.irs.gov/form8962-instructions)

ⁱ [Govinfo.gov/content/pkg/CFR-2016-title26-vol1/pdf/CFR-2016-title26-vol1-sec1-36B-5.pdf](https://www.govinfo.gov/content/pkg/CFR-2016-title26-vol1/pdf/CFR-2016-title26-vol1-sec1-36B-5.pdf)

ⁱⁱ [Govinfo.gov/content/pkg/CFR-2012-title45-vol1/pdf/CFR-2012-title45-vol1-sec155-210.pdf](https://www.govinfo.gov/content/pkg/CFR-2012-title45-vol1/pdf/CFR-2012-title45-vol1-sec155-210.pdf)

