

HEALTH INSURANCE THROUGH THE MARKETPLACE

The last day of the open enrollment period for 2020 Marketplace health insurance is December 15th, 2019. With the deadline approaching, we want to remind our clients of a few things to consider when it comes to your tax return if you have health insurance coverage purchased through the Marketplace.

When you apply for coverage in the Health Insurance Marketplace, you may qualify for a premium tax credit, which lowers your monthly premium. The amount of your premium tax credit depends on the estimated household income for the upcoming year that you put on your application.

The premium tax credit program uses the federal poverty line as a basis for income range for credit eligibility. The range is 100 percent to 400 percent of the federal poverty line amount for the size of your family for the current tax year. For example, if you are a family of 4, once your 2019 household modified gross income exceeds \$100,400, you are not eligible for a premium tax credit.

Persons in Household	2019 Federal Poverty Level	Medicaid Eligibility (138% of FPL)	Premium Subsidy Threshold (400% of FPL)
1	\$ 12,140	\$ 16,753	\$ 48,560
2	\$ 16,460	\$ 22,715	\$ 65,840
3	\$ 20,780	\$ 28,676	\$ 83,120
4	\$ 25,100	\$ 34,638	\$ 100,400
5	\$ 29,420	\$ 40,600	\$ 117,680
6	\$ 33,740	\$ 46,561	\$ 134,960

TAX CONSIDERATIONS

We have discovered that many people choose to take nearly all of the credit upfront (in advance), but then later realize that their household income is higher than originally estimated. In some cases, the taxpayer is then required to pay back a portion or all of the credit on their tax return, which can be large. Since it may be difficult to estimate your income for the upcoming year when applying, we suggest taking only a portion of the credit upfront. This does not disqualify you from receiving the entire credit amount if you qualify, it will just be paid back as part of your tax return. If you take any of the premium credit in advance, it is crucial to let your tax preparer know and contact them to do a tax estimate before the end of the year.

Another important point to note is that you are not allowed to put your child on your health insurance marketplace policy if you don't plan to claim them as a dependent on your tax return.

If you have health insurance through the marketplace, you will receive a Form 1095-A. Please provide this form, along with your other tax documents, to your tax preparer. It contains information that is required to complete your tax return.

Thanks,

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