

Frequently Asked Questions — Individuals

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1. What is "Minimum Creditable Coverage" (MCC)?

It's the minimum level of benefits that adult tax filers need to be considered insured and avoid tax penalties in Massachusetts.

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2. How will individuals prove they had health insurance that met MCC requirements?

Taxpayers will show proof of insurance on [Schedule HC PDF](#), Health Care Information. To assist taxpayers in completing Schedule HC, insurers, including MassHealth, Commonwealth Care and Commonwealth Care

Bridge and certain employers, are required to provide [Form MA 1099-HC PDF](#) statements by January 31. These forms will have the necessary information to complete Schedule HC.

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3. How do I know if my plan met MCC?

Massachusetts-licensed health insurance companies must put an MCC-compliance notice on their plans to indicate if it does or does not meet MCC. Most do meet the MCC standards. If you received a Form MA 1099-HC from your insurer, that form will indicate whether your insurance met MCC requirements. Below is a list of plans that automatically meet MCC requirements:

You automatically meet MCC if you are enrolled in:

- Medicare Part A or B;
- Any Commonwealth Care, Commonwealth Care Bridge plan;
- Any Commonwealth Choice plan (including Young Adult Plans);
- MassHealth;
- A federally-qualified high deductible health plan (HDHP);
- A Student Health Insurance Plan (SHIP) offered in Massachusetts or another state;
- A tribal or Indian Health Service plan;
- TRICARE;
- The U.S. Veterans Administration Health System;
- A health insurance plan offered by the federal government to federal employees or retirees; or
- Peace Corps, VISTA or AmeriCorps or National Civilian Community Corps coverage.

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4. What if I did not receive a Form MA 1099-HC from my insurer?

You can call your insurer or your employer's human resources department or benefits administrator for help, if you get health coverage through your job. If your insurer or your employer is unable to assist you, please refer to the Benefits Required Under MCC section below to see if your policy meets these requirements. If your plan meets all of the requirements, you may certify that you were enrolled in a plan that met the MCC requirements during that time period.

Benefits Required Under MCC

For most plans*, "Minimum Creditable Coverage" standards include:

- Coverage for a comprehensive set of services (e.g. doctors visits, hospital admissions, day surgery, emergency services, mental health and substance abuse, and prescription drug coverage).
- Doctor visits for preventive care, without a deductible.
- A cap on annual deductibles of \$2,000 for an individual and \$4,000 for a family.
- For plans with up-front deductibles or co-insurance on core services, an annual maximum on out-of-pocket spending of no more than \$5,000 for an individual and \$10,000 for a family.
- No caps on total benefits for a particular illness or for a single year.
- No policy that covers only a fixed dollar amount per day or stay in the hospital, with the patient responsible for all other charges.
- For policies that have a separate prescription drug deductible, it cannot exceed \$250 for an individual or \$500 for a family.

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5. What if my plan does not meet MCC?

If you were enrolled in a plan that did not meet the MCC requirements for the full time that the mandate applies, you must fill in the "No MCC/None" oval in line 3 of the Schedule HC. You will not be subject to a penalty if it is determined that you did not have access to affordable insurance that met MCC. If you had access to affordable insurance that met MCC but did not purchase it, you are subject to a penalty. However, if you are subject to a penalty, you may appeal the penalty to the Health Connector and claim that the penalty should not apply to you. No penalty will be imposed pending the outcome of your appeal.

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6. What if I was enrolled in an MCC plan for only part of the year?

If you were enrolled in an MCC plan for only part of the year, you should select the "Part-Year MCC" oval in line 3 of the Schedule HC. You will then be prompted to provide your health insurance information for the MCC plan(s) you were enrolled in. Do not provide health insurance information for a plan that did not meet the MCC standards.

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7. Who will receive Form MA 1099-HC?

Form MA 1099-HC will be issued to the subscriber of the plan and will list spouse and dependent information. Students who are dependents on a parent's insurance plan will need information contained on

the Form MA 1099-HC to complete their income tax returns.

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8. Will individuals enrolled in Medicare, Veterans Program Enrollment, Tri-Care and “Other” government insurance receive Form MA 1099-HC?

No. Instead of receiving Form MA 1099-HC, taxpayers will simply fill in the oval for the plan they were enrolled in on line 4 of Schedule HC.

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9. Will individuals with Medicare supplemental insurance or replacement plans purchased on their own receive a Form MA 1099-HC?

No. Individuals with Medicare supplemental insurance or replacement plans will not receive a Form MA 1099-HC. For purposes of completing the Schedule HC, individuals should fill in the Medicare bubble. Medicare includes supplemental and replacement plans for this purpose.

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10. Will members enrolled in MassHealth, Commonwealth Care or Commonwealth Care Bridge receive Form MA 1099-HC? Members with income above 150% of the federal poverty level will receive Form MA 1099-HC.

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11. When will insurance carriers, including MassHealth, Commonwealth Care or Commonwealth Care Bridge, issue Form MA 1099-HC?

By law, the forms must be issued no later than 01/31/10.

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12. What if I did not receive Form MA 1099-HC from my private insurer?

If you did not receive Form MA 1099-HC, enter the name of your insurance carrier or administrator and your subscriber number. This information should be on your insurance card. If you do not know this information, contact your insurer.

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13. I was enrolled in MassHealth, Commonwealth Care and/or Commonwealth Care Bridge, but did not receive a Form MA 1099-HC. How do I request one?

If you did not receive a Form MA 1099-HC and your income was at or above 150% of the federal poverty level, you can call MassHealth at 1-866-682-6745 or Commonwealth Care and Commonwealth Care Bridge at 1-877-623-6765 for a copy. If your income was below 150% of the federal poverty level, you do not need Form MA 1099-HC

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14. Why will individuals at or below 150% of the federal poverty who are enrolled in MassHealth and Commonwealth Care not receive Form MA 1099-HC? Don't they need it to complete Schedule HC?

Because there is no penalty for individuals with incomes at or below 150% of the federal poverty level. Taxpayers do not have to answer detailed questions about their coverage on Schedule HC. However, these individuals still need to complete Schedule HC.

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15. Why is there no penalty for those at or below 150% federal poverty level who do not have health insurance?

This is a function of the statute. Penalties can be no more than half the lowest priced plan available to an individual through the Connector. For those at or below 150% of the federal poverty level, there is no premium and therefore no penalty.

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16. I received services through the Health Safety Net Trust Fund, is this considered health insurance?

No, receiving services through the Health Safety Net Trust Fund (previously known as the "Uncompensated Care Pool" or "Free Care Pool") is not considered health insurance, and thus it does not meet MCC requirements. If this is the only way in which your health care needs were paid, you must select the No MCC/None oval in line 3 of the Schedule HC.

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17. What if I had multiple insurance carriers?

If you had health insurance from more than two insurance carriers, fill out [Schedule HC-CS, Health Care Continuation Sheet PDF](#). If you file Schedule HC-CS, report your two most recent insurance carriers first on Schedule HC and fill out Schedule HC-CS to report the additional insurance carriers. Schedule HC-CS is available online only.

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18. Is there a grace period for people who have a gap in coverage?

Yes, individuals can have up to three consecutive months without penalty. Thus, taxpayers who lose but then resume their coverage within three or fewer consecutive calendar months will not be subject to penalties for lack of health insurance coverage.

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19. Can people have more than one lapse period?

Yes. Multiple and distinct lapses are permitted within one calendar year.

Example: Someone could have a lapse from January to March (three months), regain insurance in April and have it through October and lapse again from November through December (two months). Both lapse periods are less than three months so there is no penalty.

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20. What if a taxpayer lacks coverage for four or more consecutive months?

Taxpayers with four or more consecutive months without insurance will need to determine if they had access to affordable health insurance, either through an employer, the government or on their own.

Example: Someone had insurance from January through June and was without coverage from July through December. July, August and September are within the permitted lapse period and are penalty free. However, there may be a penalty for October, November and December if insurance is deemed affordable.

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21. I received more than one Form MA 1099-HC because I had more than one health insurance carrier for the year. Do I report them all?

Yes, you and/or your spouse, if married filing joint, must report each carrier that provided health insurance.

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22. What if I turned 18 in the past year?

If you turned 18 in the past tax year, the health care mandate applies to you beginning on the first day of the third full month following your birthday. For example, if your birthday is June 15, the mandate applies on September 1. In this example, you are not required to show proof of coverage for the months of January through August because the mandate did not apply to you.

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23. What if I moved into or out of Massachusetts during the year?

If you moved into Massachusetts during the year, the health care mandate applies to you beginning on the first day of the third full month following the month you became a resident of Massachusetts. For example, if you moved into Massachusetts on May 14, the mandate applies on August 1. If you moved out of Massachusetts during the year, the health care mandate applies to you up until the last day of the last full month you were a resident. For example, if you moved out of Massachusetts on July 10, the mandate applies up to June 30.

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24. What if a taxpayer dies during the year?

If a taxpayer dies during the year, the health care mandate applies to the deceased taxpayer up until the last

day of the last full month the taxpayer was alive. For example, if a taxpayer dies on August 4, the mandate applies up to July 31. In this example, you are not required to show proof of coverage for the months of August through December because the mandate did not apply to the deceased taxpayer.

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25. What about people who, according to the state affordability schedule, have no affordable options available to them?

The individual mandate applies only to adults who can afford health insurance. If health insurance is deemed unaffordable, there is no penalty.

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26. What about people who go a half a year without coverage? How does that work and how will DOR know that they didn't have coverage for six months?

Individuals will receive Form MA 1099-HC from their insurance carrier that will specify how many months the individual had coverage. Insurance carriers are required to submit the same information directly to DOR for verification purposes.

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27. What about people who have coverage for half the year from one plan and the other half from another plan because they switch jobs?

Individuals with more than one insurance carrier in the year will receive Form MA 1099-HC from each carrier showing detailed information about specific months of coverage.

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28. What if someone gets insurance in the middle of a month? What penalty applies to them?

Partial months of coverage are addressed in the following way: if an individual had insurance for 15 days or more in a month, it will be treated as a full month of coverage. Coverage of 14 days or less will be counted as a month without coverage. For example, three weeks of coverage would count as a month of coverage, and a month with only one week of coverage would count as a month without coverage. This calculation will

be reflected in the Form MA 1099-HC.

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29. These penalties are based on people's annual incomes. That doesn't account for fluctuations in their income on a monthly basis. Why didn't DOR do this based on monthly income?

Writing a schedule based on monthly income would have added complexity to the process for tax filers and seriously complicated enforcement for DOR. There is an appeals process through the Health Connector to address circumstances where rigid application of the penalty schedule would impose hardship. For more information on the appeals process, including a list of hardship criteria, see the [Schedule HC instructions PDF](#).

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30. How will people pay their penalty?

The amount of the penalty will be calculated and entered on Form 1 or Form 1-NR/PY. If an individual owes more than he or she is getting back in refund, the taxpayer should pay the amount of tax due on the tax return. DOR will send a bill if the amount of tax due is not paid with the return.

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31. Why are the maximum penalties so high?

This is an expressed intent of the law. The penalties are meant to encourage those who can afford health insurance to purchase it.

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32. Can I appeal the penalty?

Yes. You can appeal the penalty if you were unable to obtain affordable insurance due to a hardship or other circumstances. **Please read the [Schedule HC instructions PDF](#) carefully if you want to appeal.** If you appeal, you must fill in the oval requesting the appeal on the Schedule HC. The appeal will be heard by the Commonwealth Health Insurance Connector Authority. You will receive a follow-up letter from the Connector asking you to state your grounds for appeal in writing and submit supporting documentation. Failure to

respond to that form within the specified timeframe will lead to dismissal of your appeal. You may be required to attend a hearing on your case. No penalty will be imposed by DOR pending the outcome of your appeal. If your appeal is denied or dismissed by the Connector, you will receive a bill from DOR.

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33. Are people who are exempt from filing taxes subject to the individual mandate?

No. The individual mandate only applies to individuals with a tax filing obligation.

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34. What are the rules governing eligibility as a dependent in an insured health plan?

Effective January 1, 2007, the Health Care Reform Act ([Chapter 58 of the Acts of 2006](#), as amended) requires that carriers with insured health benefit plans that provide for dependent coverage make coverage available for persons through the earlier of their 26th birthday or the day two years following the loss of their dependent status according to federal tax rules. For more information on the personal income tax treatment of this benefit, see [TIR 07-16](#).

As of January 1, 2007, carriers may not impose any limitations on eligibility for dependent coverage, other than limitations defining familial relationships under the policy (e.g., spouse and children, or spouse, children and parents) and any other limitations that may be permitted under the statute.

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35. I am a retired Massachusetts resident living abroad. I have full health insurance in the country I live in. How do I complete my Schedule HC?

There are two options. The first option is that you can apply for a [Certificate of Exemption](#) from the [Commonwealth Health Insurance Connector Authority](#). The second option is that you can request an appeal on the Schedule HC.

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36. Is the cost of health care premiums tax deductible? Do I get to reduce my taxable income by the cost of my health insurance premium?

Massachusetts follows federal law with regard to a deduction for self-employed health insurance. This is reported on Schedule Y of your Massachusetts income tax return. For more information regarding the qualifications of this deduction, please visit the [IRS website](#). Under the new health care reform law, the [Commonwealth Health Insurance Connector Authority](#), the agency responsible for administering the law, offers health plans on a pre-tax basis. Visit the Health Connector's website for more information on [pre-tax plans](#).

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37. What can I do if I cannot afford health insurance payments during the time I am unemployed before my new health insurance becomes effective through my new employer?

You should check with your prior employer's human resource department about the possibility of extending your coverage until the new insurance becomes effective, or you may want to speak to the [Commonwealth Health Insurance Connector Authority](#) or the [Division of Unemployment Assistance](#) about other options. However, if your waiting period is three or fewer consecutive months, you fall within the permitted grace period and are not subject to a penalty.

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38. I am returning to Massachusetts after living out-of-state. As I will be filing my income tax return with the state I lived in previously, will I be subject to the tax penalties under the health care law?

If you were a nonresident of Massachusetts, you are not subject to the individual mandate. However, to avoid penalties in the future, you should contact the Health Connector at 1-877-MA-ENROLL, TTY number (888-213-8163) or visit www.MAhealthconnector.org.

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39. I recently lost my job, but have obtained coverage through COBRA. Will I be subject to the penalties, or does COBRA satisfy the state's new health care requirements?

COBRA is a federal law under which certain former employees, retirees, spouses, former spouses and dependent children have the right to temporarily continue their existing group health coverage at group rates when group coverage otherwise would end due to certain life events, called "Qualifying Events." In most cases loss of employment is considered a "Qualifying Event." If you qualify and elect COBRA coverage, you are entitled to the same coverage being provided under the health insurance plan in effect while you were employed.

You will not be subject to any penalties as long as you maintain your COBRA coverage.

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40. Will there be a problem if a taxpayer receives a Form MA 1099-HC that lists their middle initial incorrectly?

The taxpayer does not transcribe his or her name from the Form MA 1099-HC on to the Schedule HC. The important data is the information carried over from the Form MA 1099-HC to the Schedule HC.

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41. The Schedule HC instructions for line 11 to determine eligibility for government-subsidized insurances says, in part, if "you applied for MassHealth or Commonwealth Care and were denied" answer No to line 11. When you say denied, are you referring to denied for eligibility or denied due to administrative closings?

For these purposes, denial means that the applicant was "not eligible" for Commonwealth Care or MassHealth vs. denied for "administrative reasons" for failure to return forms necessary to determine eligibility.

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Please [contact us](#) if you have any questions about how the new health care law may affect your taxes.

For a more detailed explanation of the personal income tax treatment of employer-provided health insurance coverage for an employee's child please see [TIR 07-16](#).

For information about individual mandate penalties for Tax Year 2009, please see [TIR 09-1](#).

For information about overall individual mandate enforcement, please see DOR [Regulation 830 CMR 111M.2.1](#).