



Commonwealth of Massachusetts
Executive Office of Health and Human Services
Office of Medicaid
www.mass.gov/masshealth

Eligibility Operations Memo 15-05
March 15, 2015

TO: MassHealth Eligibility Operations Staff

FROM: Amy Andrade, Director, Member and Provider Services

RE: **MassHealth and the Federal and State Health Insurance Requirements for Tax Year 2014**

Introduction

Under the Affordable Care Act (ACA), health insurers (including MassHealth) who provide minimum essential coverage to individuals during the tax year are required to provide proof of coverage to those individuals.

In accordance with the Health Care Reform Individual Mandate Requirement section of the health care reform policy, Massachusetts law requires all adult residents who are 18 years or older to have health insurance if they can afford it. Failure to do so may result in penalties. The Massachusetts Department of Revenue (DOR) is responsible for enforcing this requirement through the personal income tax filing system.

This memo covers the federal and state requirements for tax year 2014 and the responsibilities of the MassHealth Enrollment Centers (MECs) in relation to these requirements.

Federal Requirements for Tax Year 2014

MassHealth Members

MassHealth members are **not** required to provide proof of insurance when they file federal taxes for 2014.

Connector Members

For inquiries about the federal tax filing requirements for tax year 2014 for members enrolled in Commonwealth Care and Health Connector Plans, refer the member to the Health Connector Customer Service at 1-877-MA-ENROLL (1-877-623-6765) (TTY: 1-877-623-7773 for people who are deaf, hard of hearing, or speech disabled).

For inquiries about the tax penalty and Form 1095-A, refer the member to the Internal Revenue Service (IRS) web site. Information about the tax penalty, instructions, and a sample form are available at www.irs.gov/form1095a.

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State Requirements for Tax Year 2014

As in previous years, taxpayers must demonstrate that they had health insurance each month in 2014 if it is affordable for them. As established in 2009, the taxpayer's health insurance must meet the required minimum creditable coverage (MCC) as set by the Massachusetts Health Connector (Health Connector). This requirement is **not** set by DOR.

There is no penalty for taxpayers with income that is at or below 150% of the federal poverty level (FPL).

Taxpayers are required to complete Schedule HC (for health care) when filing their personal Massachusetts income taxes. To assist taxpayers in completing this schedule, MassHealth, as an insurance carrier, has issued Form MA 1099-HC to required members. This form identifies the months that the member had MassHealth coverage.

Minimum Creditable Coverage

Minimum creditable coverage (MCC) is the minimum level of benefits needed for taxpayers to be considered insured and avoid tax penalties in Massachusetts.

On the Form MA 1099-HC, MassHealth states that MassHealth coverage meets the MCC requirements.

MassHealth Form MA 1099-HC Recipients

MassHealth issued Form MA-1099-HC to members who

- had income greater than 150% FPL at any point during the calendar year 2014 or had a category of assistance identifier of AA without regard for income amounts (includes income less than or equal to 150% FPL);
- had MassHealth eligibility during the calendar year 2014; and
- are at least 18 years old as of December 31, 2014.

MassHealth did **not** issue Form MA 1099-HC to individuals

- with income at or below 150% FPL (except for category of assistance AA) for the time the member had MassHealth coverage (there is no penalty for those with income at or below 150% FPL). This time can be either
 - the entire 2014 calendar year; or
 - only the months the member was covered by MassHealth (partial year); or
- in one of the following excluded categories of assistance (they are not considered to be insured by MassHealth for the purposes of the Individual Mandate):
 - Family Assistance Premium Assistance (categories V1, 72, 73, 74, and 77);
 - Small Business Employee Premium Assistance (category K1);
 - Health Safety Net (primary, secondary, and partial) (categories AP and AQ) (HSN is not MCC compliant);
 - mental-health benefit only (category 35);

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MassHealth Form MA 1099-HC Recipients (*cont.*)

- Qualifying Individuals (QIs) (categories TC, TD, UH, UR, VF, VG, VH, VJ, 88, and 89)
- Qualified Medicare Beneficiaries (QMBs) or Specified Low Income Medicare Beneficiaries (SLMBs) (categories UQ, UV, VC, VD, VE, VK, VL, 22, 23, 24, and 25); or
- eligible for Commonwealth Care and Health Connector Plans (the Health Connector issues the Form MA 1099-HC for these individuals).

Partial Month of Coverage

Following the rules from DOR, MassHealth, as an insurance carrier, makes the determination whether a partial month of coverage is treated as a full month of coverage or as a month without coverage.

MassHealth addresses a partial month of coverage in the following manner.

- Coverage of 15 days or more in one calendar month is treated as a full month of coverage.
- Coverage of 14 days or fewer in one calendar month is treated as a month without coverage.

Permissible Lapse Periods

As in previous years, there is no penalty for those with a lapse in coverage of three or fewer months during 2014. Taxpayers who lose but then resume their coverage within three or fewer consecutive calendar months will not be subject to penalties. Multiple and distinct lapses are permitted throughout the year. Taxpayers with four or more consecutive months without insurance will indicate on the Schedule HC if they had access to affordable health insurance (either through an employer, the government, or on their own).

Examples

- An individual had a lapse from January to March (three months), regained insurance in April, and had coverage through October. The health insurance lapsed again for November and December (two months). Both lapse periods are three or fewer months, so there is no penalty.
- An individual had health insurance from January through June, but 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.

Access to Affordable Insurance

Taxpayers calculate access to affordable health insurance on the Schedule HC. If insurance is deemed unaffordable, the health-care penalty does not apply. If insurance is deemed affordable, the health-care penalty applies.

The taxpayer can appeal the penalty to the Health Connector. More information about the appeals process is available on the DOR web site at www.mass.gov/dor.

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MassHealth Form MA 1099-HC

MassHealth has mailed the MassHealth Form MA 1099-HC to covered individuals. It indicates the months the individual was covered by MassHealth and that the MassHealth coverage meets the MCC requirements.

If all 12 months are marked as being covered by MassHealth, the individual was covered by MassHealth for the entire 2014 calendar year. If specific months are marked, the individual was covered by MassHealth only during the marked months.

As previously established in 2010, the 2014 MassHealth Form MA 1099-HC provides information about the DOR online application called “Web File for Income” (WFI), which is available for resident taxpayers. Based on answers to some preliminary questions, individuals may be able to file their Massachusetts income taxes online with DOR for free. The Form MA 1099-HC refers individuals to the DOR web site for more information.

MEC Responsibilities

For inquiries about the Form MA 1099-HC from MassHealth, refer the member to MassHealth Customer Service at 1-866-682-6745 (TTY: 1-800-497-4648 for people who are deaf, hard of hearing, or speech disabled). By law, these forms were issued by January 31, 2015.

For inquiries about how to calculate access to affordable insurance, refer the member to the Schedule HC instructions in the Massachusetts tax form or on the DOR web site. The instructions are available wherever Massachusetts tax forms are available, such as public libraries and online at the DOR web site at www.mass.gov/dor.

For inquiries about the appeals process, refer the member to the Schedule HC instructions in the Massachusetts tax form. The instructions are available wherever Massachusetts tax forms are available, such as public libraries and online at the DOR web site at www.mass.gov/dor.

For inquiries about the state tax filing requirement for tax year 2014 for members enrolled in Commonwealth Care and Health Connector Plans, refer the member to the Health Connector Customer Service at 1-877-MA-ENROLL (1-877-623-6765) (TTY: 1-877-623-7773 for people who are deaf, hard of hearing, or speech disabled).

For inquiries about the DOR online application or Web File Income (WFI), refer the member to the DOR web site at www.mass.gov/dor.

Attachments

Samples of English and Spanish versions of the 1099-HC form are attached to this memo.

Questions

If you have any questions about this memo, please have your MEC designee contact the Policy Hotline.



Commonwealth of Massachusetts
Executive Office of Health and Human Services
www.mass.gov/masshealth

Date

Name

Address

City, State Zip

FORM MA 1099-HC

Massachusetts law requires adult residents 18 years and older to have health insurance if they can afford it. By law, the health insurance must meet a certain standard known as “minimum creditable coverage.” Many MassHealth programs meet that standard. Failure to have affordable health insurance (including MassHealth) that meets the minimum creditable coverage requirement may result in penalties.

The Massachusetts Department of Revenue (DOR) is responsible for enforcing this requirement through the personal income tax filing process. To show proof of coverage, you must complete Schedule HC (for health care) with your Massachusetts personal income tax return.

Our records show that you had MassHealth coverage for the following months:

JAN	FEB	MARCH	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The MassHealth coverage for the marked months meets the standard for the minimum creditable coverage requirements.

You may be asked on the Schedule HC to indicate which months you were covered by health insurance, including MassHealth, by filling in the ovals on the form. Follow the instructions that come with the Schedule HC to determine if you are subject to a penalty.

For more information on the individual mandate, including a list of Frequently Asked Questions, or for copies of the Schedule HC, please visit DOR’s website at www.mass.gov/dor. Schedule HC can also be found wherever Massachusetts income tax forms are available, such as public libraries.

If you have any questions about this notice, please call the MassHealth Customer Service Center at 1-866-682-6745 (TTY: 1-800-497-4648 for people who are deaf, hard of hearing, or speech disabled).

Thank you,

MassHealth

NOTES:

DOR has an online application called “Web File for Income” (WFI) available for resident taxpayers. Based on your answers to some opening questions, you may be able to file your Massachusetts income taxes online with DOR for free. Visit DOR’s website for more information.

DOR-HC-1 (Rev. 01/15)



Commonwealth of Massachusetts
Executive Office of Health and Human Services
www.mass.gov/masshealth

Fecha

Nombre

Dirección

Ciudad, Estado, Código Postal

FORMULARIO MA 1099-HC

La ley de Massachusetts exige que los residentes adultos a partir de los 18 años de edad tengan seguro médico si pueden pagarlo. Por ley, el seguro médico debe cumplir con ciertos estándares conocidos como “cobertura acreditable mínima.” Muchos programas de MassHealth cumplen con ese estándar. No tener seguro médico asequible (incluyendo MassHealth) que cumple con el requisito de cobertura acreditable mínima puede resultar en multas.

El Departamento de hacienda de Massachusetts (DOR, por sus siglas en inglés) es responsable de hacer cumplir este requisito por medio del proceso de presentación de los impuestos a la renta personales. Para mostrar prueba de cobertura, debe completar el Formulario de impuestos HC [Schedule HC] (para atención médica) con su declaración personal de impuestos a la renta de Massachusetts.

Nuestros registros muestran que usted tuvo cobertura de MassHealth en los siguientes meses:

ENE	FEB	MAR	ABR	MAY	JUN	JUL	AGO	SEP	OCT	NOV	DIC
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

La cobertura de MassHealth para los meses marcados cumple con el estándar para los requisitos de cobertura atribuible mínima.

Se le podría pedir en el Schedule HC (Formulario de impuestos HC) que indique en qué meses estaba cubierto por seguro médico, incluyendo MassHealth, llenando los óvalos del formulario. Siga las instrucciones que vienen con el Schedule HC para determinar si usted está sujeto a una multa.

Para obtener más información sobre este mandato individual, incluyendo una lista de Preguntas más frecuentes, o para obtener copias del Schedule HC, visite nuestro sitio web de DOR en www.mass.gov/dor. El Schedule HC también puede encontrarse en cualquier lugar en donde se disponga de formularios para declaración de impuestos a la renta de Massachusetts, como bibliotecas públicas.

Si desea hacer alguna pregunta sobre este aviso, llame al Centro de Servicio al cliente de MassHealth al 1-866-682-6745 (TTY: 1-800-497-4648 para personas sordas, con dificultad auditiva o con dificultad para hablar).

Gracias,

MassHealth

NOTES:

el DOR tiene una solicitud en internet llamada “Web File for Income” (WFI)-“*Archivo de ingresos por internet*” a disposición de residentes que pagan impuestos. Basándonos en sus respuestas a algunas preguntas iniciales, usted podría declarar sus impuestos a la renta de Massachusetts en internet con el DOR de forma gratuita. Visite el sitio web de DOR para obtener más información.