



**Eligibility Operations Memo 17-07**  
**December 15, 2017**

TO: MassHealth Eligibility Operations Staff

FROM: Amy Dybas, Deputy Chief Operating Officer for  
Member Policy Implementation, Training, and Communications

RE: **Federal and State Health Insurance Requirements for Tax Year 2017**

## **Introduction**

For tax year 2017, both **federal and state** regulations require Massachusetts residents to have health insurance that qualifies as **Minimum Essential Coverage (MEC)**. Individuals who do not meet these health insurance requirements may be responsible for penalties on their state and/or federal tax returns. For the Massachusetts health-care mandate, the Massachusetts Department of Revenue (DOR) is responsible for enforcing this requirement. The Internal Revenue Service (IRS) enforces federal health insurance requirements under the Affordable Care Act.

## **Minimum Essential Coverage**

Minimum Essential Coverage (MEC) is the minimum level of benefits needed for taxpayers to be considered insured and avoid federal and state tax penalties. The following coverage types meet MEC.

- Standard
- CarePlus
- CommonHealth
- Family Assistance

## **State Requirements for Tax Year 2017—Form 1099-HC**

Massachusetts regulations require MassHealth to furnish proof of insurance to its members who had Minimum Essential Coverage in 2017. MassHealth will issue each eligible individual a Form 1099-HC. This form shows each month the individual was covered in 2017. If all 12 months are marked covered, the individual was covered by MassHealth for the entire 2017 calendar year. If specific months are marked, the individual was covered by MassHealth only during the marked months.

MassHealth will issue **Form 1099-HC** to members who were covered in a MEC coverage type for at least **15 days** of any month during calendar year 2017. Form 1099-HC will be sent out at the individual level. In order for a member to receive this form, the following conditions must be met.

- Member must have income greater than 150% of the federal poverty level (FPL) at any point during calendar year 2017.
- Member must have a MEC coverage type for at least 15 days of any month during calendar year 2017.
- Member must have been at least 18 years old as of December 31, 2017.

*Note: Members with **income at or below 150% FPL** will not receive a Form 1099-HC from MassHealth.*

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## **Federal Requirements for Tax Year 2017—Form 1095-B**

Federal regulations under the Affordable Care Act require MassHealth to furnish proof of insurance to MassHealth members who had Minimum Essential Coverage in 2017. MassHealth will issue each eligible individual a **Form 1095-B**. This form shows each month the individual was covered in 2017. If all 12 months are marked covered, the individual was covered by MassHealth for the entire 2017 calendar year. If specific months are marked, the individual was covered by MassHealth only during the marked months.

MassHealth will issue **Form 1095-B** to members who were covered in a Minimum Essential Coverage aid category for **at least one day** of any month during calendar year 2017. Form 1095-B will be sent out at the individual level; each member of the household will receive this form.

*Note: Some individuals will receive both the 1095-B and the 1099-HC. The information on the MA 1099-HC may differ from the 1095-B because of differences in federal and state rules regarding minimum essential coverage.*

## **For Health Connector Members**

Individuals enrolled in qualified health plans (QHP) through the Affordable Care Act will not receive **Form 1095-B**. They will be issued a different form called **Form 1095-A**.

*Note: Individuals who received QHP and MassHealth benefits in 2017 may receive Form 1095-A, Form 1095-B, and the 1099-HC (if applicable).*

If QHP recipients have questions about federal tax-filing requirements, they may call the IRS Call Center at 1-800-829-1040 or go to [www.irs.gov](http://www.irs.gov). If individuals have questions about why they received **Form 1095-A** from the Health Connector, or if they need a duplicate copy of Form 1095-A, they should contact **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).

## **Tax Penalties and Permissible Lapse Periods—Form 1099-HC**

There is no penalty for those with a lapse in coverage of three or fewer months during 2017. 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 Schedule HC if they had access to affordable health insurance (either through an employer, the government, or on their own).

Taxpayers calculate access to affordable health insurance on 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 may appeal the penalty to the Health Connector. More information about the appeals process is available on the DOR website ([www.mass.gov/dor](http://www.mass.gov/dor)).

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### **Tax Penalties and Permissible Lapse Periods—Form 1095-B**

In accordance with the Affordable Care Act's Individual Shared Responsibility Provision, members with a lapse in coverage of two months or less are not subject to a tax penalty. Those with a lapse in coverage of three or more consecutive months will incur a tax penalty for any month that the member did not have MEC. Members who do not qualify for a coverage exemption will need to make an individual, shared responsibility payment with their federal tax return.

Taxpayers may qualify for an exemption if they meet any of the following.

- The minimum amount they must pay for the annual premiums is more than eight percent of their household income.
- They have a gap in coverage that is less than three consecutive months.
- They qualify for an exemption for one of several other reasons, including having a hardship that prevents them from obtaining coverage or belonging to a group explicitly exempt from the requirement.

For more information about tax exemptions and the Shared Responsibility Provision, visit [www.irs.gov/Affordable-Care-Act/Individuals-and-Families/Individual-Shared-Responsibility-Provision](http://www.irs.gov/Affordable-Care-Act/Individuals-and-Families/Individual-Shared-Responsibility-Provision).

### **Questions**

If individuals have questions about why they received the Form MA 1099-HC or Form 1095-B from MassHealth, or if they need a duplicate copy of either form, they should contact 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).

If members have questions about whether they are required to fill out a federal tax return, or about how to complete federal tax returns with the information provided for 1099-HC and/or 1095-B, they may call the IRS Call Center at 1-800-829-1040 or go to [www.irs.gov](http://www.irs.gov) where they can obtain information about the tax penalty, instructions, and a sample Form 1095-B.

For inquiries on how to calculate access to affordable insurance or on the appeals process, refer the member to the Schedule HC instructions in the Massachusetts tax form or on the DOR website at [www.mass.gov/dor](http://www.mass.gov/dor). The instructions are available wherever Massachusetts tax forms are available, such as public libraries and online.

For inquiries about the DOR online application, MassTaxConnect, refer the member to the DOR website ([www.mass.gov/dor](http://www.mass.gov/dor)).

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

Form **1095-B**Department of the Treasury  
Internal Revenue Service**Health Coverage**

► Do not attach to your tax return. Keep for your records.  
► Information about Form 1095-B and its separate instructions is at [www.irs.gov/form1095b](http://www.irs.gov/form1095b).

☐ VOID☐ CORRECTED

OMB No. 1545-2252

**2017****Part I Responsible Individual**

1 Name of responsible individual		2 Social security number (SSN or other TIN)	3 Date of birth (If SSN or other TIN is not available)
4 Street address (including apartment no.)	5 City or town	6 State or province	7 Country and ZIP or foreign postal code
8 Enter letter identifying Origin of the Health Coverage (see instructions for codes): . . . ► <input type="checkbox"/>		9 Reserved	

**Part II Information about Certain Employer-Sponsored Coverage** (see instructions)

10 Employer name			11 Employer identification number (EIN)
12 Street address (including room or suite no.)	13 City or town	14 State or province	15 Country and ZIP or foreign postal code

**Part III Issuer or Other Coverage Provider** (see instructions)

16 Name		17 Employer identification number (EIN)	18 Contact telephone number
19 Street address (including room or suite no.)	20 City or town	21 State or province	22 Country and ZIP or foreign postal code

**Part IV Covered Individuals** (Enter the information for each covered individual.)

(a) Name of covered individual(s)	(b) SSN or other TIN	(c) DOB (If SSN or other TIN is not available)	(d) Covered all 12 months	(e) Months of coverage											
				Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
23			<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"/>	<input type="checkbox"/>

For 2017, each covered individual will receive a separate Form 1095-B from MassHealth.

## Instructions for Recipient

This Form 1095-B provides information needed to report on your income tax return that you, your spouse (if you file a joint return), and individuals you claim as dependents had qualifying health coverage (referred to as "minimum essential coverage") for some or all months during the year. Individuals who don't have minimum essential coverage and don't qualify for an exemption from this requirement may be liable for the individual shared responsibility payment.

Minimum essential coverage includes government-sponsored programs, eligible employer-sponsored plans, individual market plans, and other coverage the Department of Health and Human Services designates as minimum essential coverage. For more information on the requirement to have minimum essential coverage and what is minimum essential coverage, see [www.irs.gov/Affordable-Care-Act/Individuals-and-Families/Individual-Shared-Responsibility-Provision](http://www.irs.gov/Affordable-Care-Act/Individuals-and-Families/Individual-Shared-Responsibility-Provision).



*Providers of minimum essential coverage are required to furnish only one Form 1095-B for all individuals whose coverage is reported on that form. As the recipient of this Form 1095-B, you should provide a copy to other individuals covered under the policy if they request it for their records.*

**Additional information.** For additional information about the tax provisions of the Affordable Care Act (ACA), including the individual shared responsibility provisions, the premium tax credit, and the employer shared responsibility provisions, see [www.irs.gov/Affordable-Care-Act/Individuals-and-Families](http://www.irs.gov/Affordable-Care-Act/Individuals-and-Families) or call the IRS Healthcare Hotline for ACA questions (1-800-919-0452).

**Part I. Responsible Individual, lines 1–9.** Part I reports information about you and the coverage.

**Lines 2 and 3.** Line 2 reports your social security number (SSN) or other taxpayer identification number (TIN), if applicable. For your protection, this form may show only the last four digits. However, the coverage provider is required to report your complete SSN or other TIN, if applicable, to the IRS. Your date of birth will be entered on line 3 only if line 2 is blank.



*If you don't provide your SSN or other TIN and the SSNs or other TINs of all covered individuals to the sponsor of the coverage, the IRS may not be able to match the Form 1095-B with the individuals to determine that they have complied with the individual shared responsibility provision.*

**Line 8.** This is the code for the type of coverage in which you or other covered individuals were enrolled. Only one letter will be entered on this line.

- A. Small Business Health Options Program (SHOP)
- B. Employer-sponsored coverage
- C. Government-sponsored program
- D. Individual market insurance
- E. Multiemployer plan
- F. Other designated minimum essential coverage



*If you or another family member received health insurance coverage through a Health Insurance Marketplace (also known as an Exchange), that coverage will generally be reported on a Form 1095-A rather than a Form 1095-B. If you or another family member received employer-sponsored coverage, that coverage may be reported on a Form 1095-C (Part III) rather than a Form 1095-B. For more information, see [www.irs.gov/Affordable-Care-Act/Questions-and-Answers-About-Health-Care-Information-Forms-for-Individuals](http://www.irs.gov/Affordable-Care-Act/Questions-and-Answers-About-Health-Care-Information-Forms-for-Individuals).*

**Line 9.** Reserved.

**Part II. Information About Certain Employer-Sponsored Coverage, lines 10–15.** If you had employer-sponsored health coverage, this part may provide information about the employer sponsoring the coverage. This part may show only the last four digits of the employer's EIN. This part also may be left blank, even if you had employer-sponsored health coverage. If this part is blank, you do not need to fill in the information or return it to your employer or other coverage provider.

**Part III. Issuer or Other Coverage Provider, lines 16–22.** This part reports information about the coverage provider (insurance company, employer providing self-insured coverage, government agency sponsoring coverage under a government program such as Medicaid or Medicare, or other coverage sponsor). **Line 18 reports a telephone number for the coverage provider that you can call if you have questions about the information reported on the form.**

**Part IV. Covered Individuals, lines 23–28.** This part reports the name, SSN or other TIN, and coverage information for each covered individual. A date of birth will be entered in column (c) only if the SSN or other TIN isn't entered in column (b). Column (d) will be checked if the individual was covered for at least one day in every month of the year. For individuals who were covered for some but not all months, information will be entered in column (e) indicating the months for which these individuals were covered. If there are more than six covered individuals, see Part IV, Continuation Sheet(s), for information about the additional covered individuals.



Commonwealth of Massachusetts  
Executive Office of Health and Human Services  
[www.mass.gov/masshealth](http://www.mass.gov/masshealth)

Date 2017

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 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 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](http://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 “masstaxconnect” 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 [www.mass.gov/dor](http://www.mass.gov/dor) for more information.



Commonwealth of Massachusetts  
Executive Office of Health and Human Services  
[www.mass.gov/masshealth](http://www.mass.gov/masshealth)

Fecha, 2017

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) es responsable de hacer cumplir este requisito por medio del proceso de declaración de impuestos sobre el ingreso personal. Para demostrar pruebas de cobertura, debe completar la Planilla HC (Schedule HC, para atención médica) con su declaración personal de impuestos 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 acreditable mínima.

Se le podría pedir en la Planilla HC (Schedule HC) que indique en qué meses usted estaba cubierto por el seguro médico, incluyendo MassHealth, llenando los óvalos del formulario. Siga las instrucciones que vienen con la Planilla 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 de la Planilla HC, visite nuestro sitio web del DOR en [www.mass.gov/dor](http://www.mass.gov/dor). La Planilla HC también puede encontrarse en cualquier lugar en donde se disponga de formularios para la declaración de impuestos de Massachusetts, como bibliotecas públicas.

Si usted tiene preguntas 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 discapacidad del habla).

Muchas gracias.

MassHealth

NOTAS: El DOR tiene una solicitud en línea llamada “masstaxconnect” (enlace para impuestos de Mass.) a disposición de los contribuyentes residentes. Basándonos en sus respuestas a algunas preguntas iniciales, usted podría declarar sus impuestos de Massachusetts en línea con el DOR de manera gratuita. Visite [www.mass.gov/dor](http://www.mass.gov/dor) para obtener más información.