*Commonwealth of Massachusetts*

*Executive Office of Health and Human Services Office of Medicaid*

[*www.mass.gov/masshealth*](http://www.mass.gov/masshealth)

TO: MassHealth Eligibility Operations Staff

**Eligibility Operations Memo 22-01**

**January 1, 2022**

FROM: Heather Rossi, Director of Eligibility Policy [signature of Heather Rossi]



### RE: Federal and State Health Insurance Requirements for Tax Year 2021

**Introduction**

For tax year 2021, both **federal and state** regulations require Massachusetts residents to have health insurance benefits that meet certain standards. Federal rules require coverage known as **minimum essential coverage** (MEC), while state rules require **minimum creditable coverage** (MCC).

Individuals who do not meet these health insurance requirements may be responsible for a penalty on their state tax return. Beginning with tax year 2019, there is no federal tax penalty for not meeting MEC. 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, and though the penalty has been eliminated at the federal level, the form can be requested.

**Minimum Creditable Coverage (state)**

Minimum creditable coverage is the minimum level of benefits needed for taxpayers to be considered insured and avoid state tax penalties. The following coverage types meet MCC.

* Standard
* CarePlus
* CommonHealth
* Family Assistance

**Minimum Essential Coverage (federal)**

Minimum essential coverage is the minimum level of benefits needed for taxpayers to be considered insured under federal law. The following coverage types meet MEC.

* Standard
* CarePlus
* CommonHealth
* Family Assistance

**State Requirements for Tax Year 2021—Form 1099-HC**

Massachusetts regulations require MassHealth to furnish proof of insurance to its members who had minimum creditable coverage in 2021. MassHealth will issue each eligible individual a Form 1099-HC. This form shows each month the individual was covered in 2021. If all 12 months are marked covered, the individual was covered by MassHealth for the entire 2021 calendar year. If specific months are marked, the individual was covered by MassHealth only during the marked months.

### Eligibility Operations Memo 2022-01 January 1, 2022 Page 2

MassHealth will issue Form 1099-HC to members who were covered in a MCC coverage type for at least 15 days of any month during calendar year 2021. 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 2020.
* Member must have a MCC coverage type for at least 15 days of any month during calendar year 2021.
* Member must have been at least 18 years old as of December 31, 2021.

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

**Federal Requirements for Tax Year 2021—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 2021. MassHealth will mail each eligible member a 1095-B form. This form shows each month the individual was covered in 2021. If all 12 months are marked covered, the individual was covered by MassHealth for the entire 2021 calendar year. If specific months are marked, the individual was covered by MassHealth only during the marked months.

MassHealth members who were covered in a minimum essential coverage aid category for at least one day of any month during calendar year 2021 may request a duplicate Form 1095-B. The 1095-B form can be accessed online by visiting [**www.masshealthtaxform.com**](https://www.masshealthtaxform.com). If MassHealth members need to request a Form 1095-B be mailed to them, they can contact the MassHealth Customer Service Center at (866) 682-6745, TTY: (800) 497-4648. A separate form must be requested for each covered individual.

**Note:**  *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 may request a different form called Form 1095-A.

Note: Individuals who received QHP and MassHealth benefits in 2020 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 (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 (877) MA-ENROLL (877) 623-6765), TTY: (877) 623-7773 for people who are deaf, hard of hearing, or speech disabled. Members may download a copy of their Form 1095-A online by signing into their account at [www.MAHealthConnector.org](http://www.mahealthconnector.org/) and clicking on “Make a Payment.” 1095-As are viewable in the “My Tax Documents” section of the Payment Center.

### Eligibility Operations Memo 2022-01 January 1, 2022 Page 3

**Tax Penalties and Permissible Lapse Periods–Form 1099-HC**

There is no state penalty for those with a lapse in coverage of three or fewer months during 2021. 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).

There is no state penalty for those with a lapse in coverage of three or fewer months during 2021. 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](https://www.mass.gov/orgs/massachusetts-department-of-revenue)).

**Tax Penalties and Permissible Lapse Periods–Form 1095-B**

Beginning in tax year 2020, the federal tax penalty for a lapse in coverage was reduced to $0. However, the federal government did not eliminate the requirement for states to furnish Form 1095-B or to provide information about Medicaid and CHIP enrollment to IRS. Therefore, states must continue to provide Forms 1095-B for Medicaid and CHIP coverage for tax year 2021 and beyond. If there is any change to these reporting requirements, CMS will communicate the changes to states.

**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 (866) 682-6745, TTY: (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 (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](https://www.mass.gov/orgs/massachusetts-department-of-revenue). 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](https://www.mass.gov/orgs/massachusetts-department-of-revenue)). If you have any questions about this memo, please have your MEC designee contact the Policy Hotline.





