



## Treasury Inspector General for Tax Administration Office of Audit

### AFFORDABLE CARE ACT: THE OFFICE OF APPEALS PLANNING EFFORTS FOR THE HEALTH CARE REFORM LEGISLATION

Issued on December 23, 2011

## Highlights

Highlights of Report Number: 2012-13-009 to the Internal Revenue Service Chief of Appeals.

### IMPACT ON TAXPAYERS

The Patient Protection and Affordable Care Act (ACA) contains significant changes to the Nation's health care system, which the Office of Appeals (Appeals) expects will result in new Appeals cases over the next several years. Appeals has taken some initial actions to begin preparing for the anticipated new ACA Appeals cases. Because of the potential for the ACA to affect most taxpayers, effective planning is critical to ensuring Appeals' readiness to prepare for this legislation and resolve taxpayer requests in a timely and effective manner.

### WHY TIGTA DID THE AUDIT

This audit was initiated as part of TIGTA's efforts to evaluate the IRS's plans for implementing the various ACA tax provisions.

The overall objective of our audit was to determine how Appeals planned for the IRS's implementation of the health care legislation. This review is included in our Fiscal Year 2012 Annual Audit Plan and addresses the major management challenge of Implementing Major Tax Law Changes.

### WHAT TIGTA FOUND

After the ACA was enacted in March 2010, the IRS ACA Office determined that the impact on Appeals would be minimal until after Calendar Year 2013. Given this time period, Appeals management has taken some initial actions to begin preparing for the ACA legislation. Appeals personnel have been detailed to the IRS ACA Office and other IRS ACA teams on an ongoing basis to remain informed on how the IRS is preparing for the ACA and the potential impact of these efforts on Appeals. To lead its planning efforts, Appeals appointed a Senior Analyst in July 2011 to serve as the Appeals ACA Program Manager.

In addition, Appeals created a website with links to IRS ACA-related training, guidance, and other resources.

Appeals management also informed TIGTA they are currently assessing how to code ACA cases on their inventory database to track the number of taxpayers and businesses that appeal the various health care provisions.

As Appeals moves forward with its planning efforts, TIGTA believes management should develop a more formal approach to its ACA planning activities to ensure they are ready to resolve taxpayer requests of ACA-related issues in a timely and effective manner. This should include outlining the key objectives/tasks that need to be addressed to prepare for the ACA-related impact on Appeals, who will be responsible for conducting these activities, and when these actions need to be completed over the next several years.

In addition, Appeals management should consider the type and frequency of communication between the Appeals internal working group, the IRS ACA Office, and other IRS operating divisions to ensure their planning efforts are coordinated as appropriate. This communication will assist Appeals management in staying informed of IRS actions to address the ACA provisions and monitor the potential impact of these actions on Appeals operations. Effective planning is critical to ensuring Appeals' readiness to prepare for this legislation and resolve taxpayer requests in a timely and effective manner.

### WHAT TIGTA RECOMMENDED

TIGTA made no recommendations in this report. Appeals management reviewed the report before it was issued and offered clarifying comments and suggestions, which have been taken into account.

### READ THE FULL REPORT

To view the report, including the scope and methodology, go to:

<http://www.treas.gov/tigta/auditreports/2012reports/201213009fr.pdf>