



*Affordable Care Act: The Customer Service  
Strategy Sufficiently Addresses Tax  
Provisions; However, Changes in  
Implementation Will Create Challenges*

**December 30, 2013**

**Reference Number: 2014-43-006**

This report has cleared the Treasury Inspector General for Tax Administration disclosure review process and information determined to be restricted from public release has been redacted from this document.

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## HIGHLIGHTS

### **AFFORDABLE CARE ACT: THE CUSTOMER SERVICE STRATEGY SUFFICIENTLY ADDRESSES TAX PROVISIONS; HOWEVER, CHANGES IN IMPLEMENTATION WILL CREATE CHALLENGES**

## Highlights

**Final Report issued on December 30, 2013**

Highlights of Reference Number: 2014-43-006 to the Internal Revenue Service Deputy Commissioner for Services and Enforcement.

### **IMPACT ON TAXPAYERS**

The Affordable Care Act (ACA) includes tax provisions that require individuals to maintain minimum essential coverage (MEC) and that provide for a tax credit (Premium Tax Credit) to offset an individual's health care expenses. The IRS will impose a penalty on any taxpayer who, after Calendar Year 2013, fails to maintain the MEC for three months or more and does not qualify for an exemption.

### **WHY TIGTA DID THE AUDIT**

This audit was initiated to evaluate the IRS's efforts to provide individuals assistance related to the ACA provisions on obtaining the MEC and the tax credit to offset health care expenses. Starting in October 2013, individuals who seek to acquire the MEC for Calendar Year 2014 will be offered a choice of health plans and the ability to determine their eligibility for a tax credit through one of the State Marketplaces or the Federal Marketplace.

### **WHAT TIGTA FOUND**

The IRS's customer service strategy is a collaborative and coordinated effort between the IRS and multiple Federal and State agencies. The strategy includes sufficient plans to 1) perform outreach and education; 2) update or develop tax forms, instructions, and publications; and 3) provide employee training to assist individuals in understanding the requirement to maintain the MEC and the tax implications of

obtaining the tax credit to offset the cost of health care insurance.

In a May 2012 Memorandum of Understanding between the IRS and the Department of Health and Human Services (HHS), it was agreed that the HHS would be the lead agency and serve as the "public face" for customer service at the Marketplaces until Calendar Year 2015. Individuals who contact the IRS for ACA assistance will be referred to the HHS's public website (Healthcare.gov) and toll-free telephone assistance lines. The IRS will also refer individuals to its own recorded telephone messages and self-assistance tools.

In Calendar Year 2015, the IRS will take the lead to provide customer service when individuals begin filing their 2014 tax returns and must include the amount of any Advance Premium Tax Credit payments on their tax return and reconcile it to the allowable amount. The IRS's customer service will include providing face-to-face assistance at its 390 Taxpayer Assistance Centers located throughout the United States.

However, changes in ACA implementation will create challenges. Depending on the nature of any changes made to ACA tax provisions, the IRS's strategy and plans to provide customer service, outreach, education, and employee training could be affected. Changes to the provisions could also affect the IRS's plans to update its tax forms, instructions, and publications.

### **WHAT TIGTA RECOMMENDED**

TIGTA did not make recommendations in this report. A draft of the report was provided to IRS management for review. The IRS did not provide comments on the report.



TREASURY INSPECTOR GENERAL  
FOR TAX ADMINISTRATION

DEPARTMENT OF THE TREASURY

WASHINGTON, D.C. 20220

December 30, 2013

**MEMORANDUM FOR DEPUTY COMMISSIONER FOR SERVICES AND  
ENFORCEMENT**

**FROM:** Michael E. McKenney  
Acting Deputy Inspector General for Audit

**SUBJECT:** Final Audit Report – Affordable Care Act: The Customer Service Strategy Sufficiently Addresses Tax Provisions; However, Changes in Implementation Will Create Challenges (Audit # 201340317)

This report presents the results of our review to evaluate the Internal Revenue Service's (IRS) customer service planning efforts to provide assistance to individuals for the Affordable Care Act<sup>1</sup> provisions on obtaining minimum essential coverage and the tax credit to offset health care expenses. This audit was included in the Treasury Inspector General for Tax Administration's Fiscal Year<sup>2</sup> 2013 Annual Audit Plan and addresses the major management challenge of Implementing the Affordable Care Act and Other Tax Law Changes.

Although we made no recommendations in this report, we did provide IRS officials an opportunity to review the draft report. IRS management did not provide us with comments on the report.

If you have any questions, please contact me or Russell P. Martin, Acting Assistant Inspector General for Audit (Returns Processing and Account Services).

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<sup>1</sup> Pub. L. No. 111-148, 124 Stat. 119 (2010) (codified as amended in scattered sections of the U.S. Code), as amended by the Health Care and Education Reconciliation Act of 2010, Pub. L. No. 111-152, 124 Stat. 1029.

<sup>2</sup> A 12-consecutive-month period ending on the last day of any month. The Federal Government's fiscal year begins on October 1 and ends on September 30.



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## *Abbreviations*

ACA	Affordable Care Act
HHS	Department of Health and Human Services
IRS	Internal Revenue Service
MEC	Minimum Essential Coverage
PTC	Premium Tax Credit



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## *Background*

The Patient Protection and Affordable Care Act of 2010<sup>1</sup> and the Health Care and Education Reconciliation Act of 2010<sup>2</sup> (hereafter collectively referred to as the Affordable Care Act (ACA)) were both signed into law in March 2010. The ACA seeks to provide more Americans with access to affordable health care by creating a new Health Insurance Marketplace (also known as Exchanges and hereafter referred to as Marketplace), enforcing patient/consumer protections, and providing Government subsidies for people who cannot afford insurance. The Marketplace simplifies an applicant's search for health coverage by providing multiple options in one place and comparing plans based on price, benefits, quality, and other important features that help consumers make a choice.

***The ACA represents the largest set of tax law changes in more than 20 years and presents a major challenge to the Internal Revenue Service.***

Included in the ACA are approximately 50 tax provisions that add to or amend the Internal Revenue Code. These provisions include ones that provide incentives and tax breaks to individuals and small businesses to offset health care expenses and impose penalties for individuals and businesses that do not obtain health care coverage for themselves or their employees.

The Internal Revenue Service (IRS) is responsible for implementation and administration of those ACA provisions that have an impact on tax administration. Since its passage, the IRS continues to take steps to implement the ACA provisions and help individuals understand their responsibilities and rights. These actions include revising or developing tax forms, instructions, and publications; training IRS employees; revising internal processes and procedures; issuing revenue procedures<sup>3</sup> and regulations;<sup>4</sup> developing a customer service strategy; and providing outreach to taxpayers and tax professionals.

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<sup>1</sup> Pub. L. No. 111-148, 124 Stat. 119 (2010) (codified as amended in scattered sections of the U.S. Code), as amended by the Health Care and Education Reconciliation Act of 2010, Pub. L. No. 111-152, 124 Stat. 1029.

<sup>2</sup> Pub. L. No. 111-152, 124 Stat. 1029. (See Affordable Care Act, *infra*).

<sup>3</sup> Revenue procedures are official statements of a procedure that affects the rights or duties of taxpayers or other members of the public under the Internal Revenue Code, related statutes, tax treaties, and regulations and that should be a matter of public knowledge. A revenue procedure provides return filing or other instructions concerning an IRS position.

<sup>4</sup> Regulations are issued by the IRS and the Department of the Treasury to provide guidance for new legislation or to address issues that arise with respect to existing Internal Revenue Code sections. Regulations interpret and give directions on complying with the law.



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**In October 2013, individuals can begin enrolling in health insurance coverage offered through a Marketplace**

In order to enroll in health insurance coverage offered through a Marketplace, taxpayers must complete an application and meet certain eligibility requirements defined by the ACA. For example, they must be citizens of the United States or lawful permanent residents. The ACA requires that enrollment at Marketplaces begin on October 1, 2013. Marketplaces will operate in every State and the District of Columbia. As of August 2013, 14 States and the District of Columbia have their own State-run Marketplaces. The Federal Government will help run or completely run the Marketplaces in the remaining 36 States.

Provisions in the ACA require individuals to have either minimum essential coverage (MEC)<sup>5</sup> for each month beginning January 2014, qualify for an exemption,<sup>6</sup> or pay a penalty to the IRS when filing their Federal income tax return. The provision applies to individuals of all ages, including children. Beginning January 2014, eligible taxpayers who purchase health insurance through a Marketplace may qualify for and request a refundable tax credit<sup>7</sup> to assist with paying the cost of health insurance premiums. The credit is called the Premium Tax Credit (PTC) and is claimed on the taxpayer's Federal tax return, starting with the 2014 tax return. The PTC will be available for individuals and families who are not offered affordable MEC through an employer or a Government program, like Medicaid or Medicare, and who earned less than four times the Federal poverty level. This means individuals who earned \$45,960 or less and a family of four who earned \$94,200 or less in Calendar Year 2013 will qualify.

Individuals and families can receive the PTC as an advance payment to their health insurance provider to help cover the cost of premiums. This payment is referred to as the Advance PTC and will be issued monthly by the Department of the Treasury's Federal Management Services Branch on behalf of the taxpayer to the health insurance provider.

This audit was conducted while changes were being made to the ACA regulations and while the IRS was updating its implementation strategy. Changes and updates that occurred after we concluded our analyses in August 2013 are not reflected in this report. This review was performed by analyzing data obtained from the IRS Headquarters ACA Office in

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<sup>5</sup> The MEC may include employer-sponsored coverage, coverage purchased in a Marketplace, Medicare Part A coverage and Medicare Advantage, Medicaid coverage, or other coverage types.

<sup>6</sup> Individuals may qualify for exemptions from the MEC. Certain exemptions, such as unaffordable coverage and short insurance coverage gaps, can be claimed only as part of filing a Federal income tax return, starting with the 2014 tax return. Exemptions for religious conscience and hardship can be obtained only through the Marketplaces starting in Calendar Year 2014. Exemptions for members of Indian tribes, members of health care sharing ministries, and individuals who are incarcerated can be obtained through either the Marketplaces or by filing a Federal tax return.

<sup>7</sup> Any tax credit that is refundable can be used by the taxpayer to reduce his or her tax liability to zero. Any excess of the credit beyond the tax liability can be refunded to the taxpayer.



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Washington, D.C., during the period April through August 2013. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. Detailed information on our audit objective, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II.



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## *Results of Review*

### ***The Customer Service Strategy Is a Collaborative and Coordinated Effort***

The IRS's ACA customer service strategy provides sufficient plans to assist individuals in understanding the tax implications of the ACA. The strategy is a collaborative and coordinated effort between the IRS and multiple Federal and State agencies. The strategy includes sufficient plans to: 1) perform outreach and education; 2) update and/or develop tax forms, instructions and publications; and 3) provide employee training to assist individuals in understanding requirements to maintain the MEC and the tax implications of obtaining the tax credit to offset the cost of health care insurance.

Although the Department of Health and Human Services (HHS) is the lead agency in implementing the ACA, many of the provisions require the IRS to provide information to assist the Marketplace with determining eligibility and enrollment, develop calculations such as the maximum Advance PTC, and reconcile the credit with reported taxable income. The IRS's ACA Office provides strategic direction to implement ACA provisions. Within the ACA Office, unique teams have been created to focus on various aspects of the IRS's implementation of ACA provisions. For example:

- The *Affordable Care Project Management Team* is responsible for overall project management activities in support of other ACA Office teams, the IRS's interagency efforts, and legislative activities with regard to the ACA. The office also facilitates communications between the ACA Office and other IRS offices.
- The *Filing and Premium Tax Credit Team* provides direction in the design of processes to support the implementation of new ACA filing requirements. The office also oversees coordination with multiple government agencies.
- The *Customer Service and Stakeholder Relations Team* promotes stakeholder understanding of ACA legislation and the IRS's role in implementing ACA tax provisions. The office implements outreach and education to stakeholders and customer service channels, such as self-assisted tools and toll-free telephone assistance.



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**The customer service strategy refers individuals to the HHS for ACA assistance until Calendar Year 2015**

In a May 2012 Memorandum of Understanding between the IRS and the HHS, it was agreed that the HHS would be the lead agency and serve as the “public face” for customer service at the Marketplaces until Calendar Year 2015. The HHS is also responsible for monitoring the State-run Marketplaces to ensure that they are providing accurate and consistent information on ACA provisions. The HHS developed detailed guidelines on the actions that the State-run Marketplaces must perform, including providing appropriate outreach and education.

In Calendar Year 2015, the IRS will take the lead in providing customer service when individuals begin filing their 2014 tax returns and must include the amount of any Advance PTC on their tax return and reconcile it to the allowable amount of the PTC. This will include providing face-to-face assistance at its 390 Taxpayer Assistance Centers located throughout the United States, starting in January 2015.

Until such time, the IRS will refer individuals contacting the IRS for ACA assistance to the HHS’s public website (Healthcare.gov) and toll-free telephone assistance lines, and offer its own recorded telephone messages and self-assistance tools. Although the IRS will refer individuals to the HHS, the IRS remains responsible for coordinating, reviewing, and approving the ACA messages and information provided to individuals contacting the HHS’s toll-free telephone lines and/or researching the Healthcare.gov website regarding both tax provisions. In addition to its coordinated efforts with the HHS, the IRS’s strategy includes the:

- Development of 10 recorded telephone messages to answer inquiries when individuals contact the IRS’s toll-free telephone assistance lines. The topical areas of these messages include information on how to obtain health care coverage, implications of not obtaining health care coverage (penalties), and the availability of financial assistance to purchase health care coverage, including the Advance PTC. We reviewed the content of these messages and determined that the information was accurate.
- Development of an IRS ACA public website (IRS.gov/aca). The website provides information on MEC and PTC provisions and provides a link to the HHS website. The HHS’s website contains further information to assist individuals in learning about the Advance PTC, including income levels that could qualify for this credit. We reviewed MEC and PTC content on both the IRS and the HHS websites and confirmed that information was accurate.



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- Use of social media<sup>8</sup> sites such as Twitter and Facebook to provide individuals with the latest information on ACA tax changes and services.

The IRS's customer service strategy also includes processes to continuously monitor the informational needs of the public in an attempt to ensure that the information needed is being provided. These monitoring processes include reviewing call center Contact Analytics<sup>9</sup> and Quality reports, counts of ACA contacts at the Taxpayer Assistance Centers, and counts for individuals listening to the various pre-recorded, toll-free telephone ACA messages. The call volumes are monitored to determine volume spikes, ACA topic needs, and the effectiveness of the telephone message scripts. The IRS is reviewing this information weekly to determine if any changes are needed to its outreach and education efforts.

The IRS's outreach and education plan is part of a larger Government education campaign in which the IRS collaborated with other Federal agencies, including the U.S. Department of Labor and the HHS. As part of this effort, the IRS developed an agencywide outreach and education plan to reach major ACA customer segments with tax-related information. Figure 1 provides a summary of some of the outreach and education activities completed or planned by the IRS and the HHS related to ACA tax provisions.

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<sup>8</sup> Social media is the use of web-based and mobile technologies to turn communication into interactive dialogue.

<sup>9</sup> Contact Analytics is a business intelligence and performance management tool using speech analytics technology. It is used to evaluate recorded audio for the purpose of identifying opportunities for improving the customer experience and potential cost savings/efficiency gains.



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**Figure 1: IRS and HHS Outreach and Education Activities Completed or Planned**

Agency	Outreach and Education Activity
IRS	Issued several proposed and final regulations and notices and developed a Frequently Asked Questions section related to MEC and PTC provisions and posted this information to its IRS.gov ACA website.
	Issued Publication 5093, <i>Health Care Law Online Resources</i> , in June 2013 which provides a list of ACA-related online resources for individuals and employers, including the website addresses for the HHS, the IRS, and other Federal agencies.
	Prepared a presentation on MEC and PTC provisions presented at IRS Nationwide Tax Forums held during the period July to September 2013. About 8,000 individuals attended these presentations.
HHS	Developed a paper and online health insurance application for use by the Marketplaces.
	Opened a toll-free telephone call center in June 2013 to provide automated informational messages to inquiries from individuals seeking health insurance information. The call center started offering live assistance in August 2013. In addition, as of August 2013, customers can use online chat and can create accounts on Healthcare.gov in preparation of the Marketplace open enrollment on October 1, 2013.
	Will provide Navigators (contractors who will assist individuals with the application process to obtain insurance at the Marketplaces) with comprehensive training on the tax implications of consumer enrollment decisions, eligibility requirements for the PTC, and the impact of the tax credit on the cost of insurance.

Source: Treasury Inspector General for Tax Administration analysis of IRS and HHS outreach and education planning documents.

**Tax forms, instructions, and/or publications are being updated and/or developed**

In a prior audit,<sup>10</sup> we reported the IRS has two tiers of controls in place for ensuring that tax forms, instructions, and related publications are updated for ACA provisions. The first tier is the informed assessment conducted by the Tax Forms and Publications function. This function reviews new legislation and identifies a “first cut” of what forms, publications, and instructions need to be revised for every legislative provision. The second tier is the business assessment

<sup>10</sup> Treasury Inspector General for Tax Administration, Ref. No. 2012-43-064, *Affordable Care Act: Planning Efforts for the Tax Provisions of the Patient Protection and Affordable Care Act Appear Adequate; However, the Resource Estimation Process Needs Improvement* p. 6 (Jun. 2012).



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performed by subject matter experts in the business units and aided by the Tax Forms and Publications function. Often the business units will confirm what the Tax Forms and Publications function identified and may identify additional affected forms, publications, and instructions.

The audit also found that the IRS is updating and developing tax forms, instructions, and publications related to the MEC and the PTC. For example, the following are three of the new tax forms the IRS is creating to assist individuals in complying with MEC provisions:

- Form 8965, *Reporting of Exemptions From Coverage*, will be used by individual taxpayers to report to the IRS the exemption certificate number received from a Marketplace, or for individuals to apply for an exemption with the IRS. An individual will submit this form starting with their 2014 tax return as proof that they are not required to maintain the MEC and are not subject to a penalty.
- Form 1095-A, *Affordable Insurance Exchange Statement*, will be used by the Marketplaces to furnish a written statement to each individual who enrolled, or whose family member enrolled, in a qualified health insurance plan. The written statement contains information that the Marketplaces must report to the IRS annually. This statement will serve as proof that the individual maintained the MEC and is not subject to a penalty.
- Form 1095-B, *Health Insurance Coverage Statement*, will be used by a health insurance company to furnish a written statement to each individual who enrolled, or whose family member enrolled, in a qualified health insurance plan. This statement will serve as proof that the individual maintained the MEC and is not subject to a penalty.

These tax forms are critical to the IRS's ability to validate or process MEC exemptions and to provide a way for the IRS to determine if individuals are in compliance with MEC requirements. The IRS will release these new tax forms around May 2014 for public comment with the final versions available in the first quarter of Fiscal Year<sup>11</sup> 2015. Individuals will be able to obtain ACA-related tax forms and publications by ordering them on the IRS's toll-free telephone lines, downloading them from IRS.gov, or visiting a Taxpayer Assistance Center.

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<sup>11</sup> A 12-consecutive-month period ending on the last day of any month. The Federal Government's fiscal year begins on October 1 and ends on September 30.



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**IRS employees are being trained on ACA tax provisions, and the IRS is assisting the HHS in the development of ACA tax-related training for its employees**

The IRS began training its employees on the ACA the third quarter of Fiscal Year 2013 and has plans to continue training employees into the second quarter of Fiscal Year 2014. Business operating divisions<sup>12</sup> identified their ACA orientation training needs and work is underway to address these needs. For example:

- Presentations were developed covering basic and in-depth ACA information.
- Internal executive briefings were conducted with key business operating division executives in the third quarter of Fiscal Year 2013 to provide an overview of ACA Marketplace-related provisions, including the PTC and the MEC.
- ACA information has been incorporated into continuing professional education courses for revenue officers and examination employees.<sup>13</sup>
- A self-reading course was developed for IRS customer service employees explaining the IRS's strategy to refer taxpayer inquiries to the HHS.

In addition, the IRS worked with the HHS to develop and review the tax-related content of the PTC training material that the HHS provides its employees to ensure that the information is accurate. The IRS is also working with the HHS on the training material related to the MEC.

**Analysis performed to estimate customer service staffing resources**

The IRS completed an analysis to estimate the customer service staffing resources needed in Fiscal Year 2014 to implement the ACA. Review of the documentation found that the analysis was based on adequate operational and financial data, and reasonable assumptions were made relating to such things as the percent of account and nonaccount-related questions that individuals might ask and the percent of those calls that the IRS can address with self-assistance tools versus live assistance. For Fiscal Year 2014, the IRS estimates that it will receive 11.4 million contacts from individuals that relate to ACA tax provisions.<sup>14</sup> To handle these

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<sup>12</sup> Business operating divisions refer to the IRS's four main divisions: 1) the Large Business and International Division; 2) the Small Business/Self-Employed Division; 3) the Wage and Investment Division; and 4) the Tax Exempt and Government Entities Division.

<sup>13</sup> Revenue officers are employees in the Collection Field function who attempt to contact taxpayers and resolve collection matters that have not been resolved through notices sent by the IRS submission processing sites. Examination function employees include employees who primarily conduct examinations of individual taxpayers' tax returns.

<sup>14</sup> Including the small business health care tax credit, excise tax on tanning, and the additional Medicare taxes on high-income taxpayers (non-Marketplace provisions).



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contacts, the IRS estimates that it will need 754 Full-Time Equivalents<sup>15</sup> in its Accounts Management and Field Assistance functions. Another 195 Full-Time Equivalents are estimated to be needed in other functions affected by the ACA, such as those involved in the processing and examination of tax returns. If further budget cuts are made to IRS customer service for Fiscal Year 2014, the IRS will need to re-examine its plans and consider cutbacks in the services it can provide or reduce staffing in other programs.

### ***Changes in Affordable Care Act Implementation Will Create Challenges to Customer Service Planning***

Changes in the implementation of ACA tax provisions can result in increased demand for customer service assistance resulting in more contacts with the IRS. Depending on the nature of any changes made to ACA tax provisions, the IRS's strategy and plans to provide adequate customer service; outreach and education; employee training; and tax forms, instructions, and publications could be affected. For example, implementation of a key ACA provision related to the requirement for applicable employers to offer health insurance was delayed on July 2, 2013. The implementation of this provision was delayed until Calendar Year 2015. The provision requires employers with 50 or more full-time equivalent employees to provide insurance to their employees or pay a fee to the IRS. If employers choose not to provide insurance coverage to their employees in Calendar Year 2014, the employees may seek insurance through the Marketplaces starting in October 2013 and could apply for financial assistance through the Advance PTC.

In an attempt to mitigate the effect that implementation changes may have on the IRS's ability to provide adequate customer service, the IRS has developed oversight and monitoring processes and procedures. These are in place to alert the IRS at the earliest possible time period of actions that may affect its operations. For example, the IRS ACA Office:

- Monitors public debate, pending bills, legislation, regulations, and court activities.
- Reviews reports provided weekly from its Legislative Affairs function. These reports identify bills that may be moving through Congress that would modify the ACA, if passed.
- Coordinates with various IRS functional offices involved in the implementation of tax provisions of the ACA, such as the Information Technology organization and the Tax Forms and Publications function, to ensure that ACA-related systems are developed as scheduled, and forms and publications are developed or updated and available to taxpayers on time.

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<sup>15</sup> A measure of labor hours in which one Full-Time Equivalent is equal to eight hours multiplied by the number of compensable days in a particular fiscal year.



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## **Appendix I**

### *Detailed Objective, Scope, and Methodology*

Our overall objective was to evaluate the IRS's customer service planning efforts to provide assistance to individuals for the ACA provisions on obtaining the MEC and the tax credit to offset health care expenses. Our review was limited to the IRS's customer service strategy; plans to update forms, instructions, and publications; training for customer service employees; outreach and education of taxpayers and tax return preparers; coordination with the HHS; and resource estimation. To accomplish this objective, we:

- I. Evaluated the IRS's customer service strategy to assist individuals seeking information related to the MEC and the tax credit.
  - A. Reviewed business requirements, project roadmaps defining milestones, and other documentation relevant to the customer service strategy.
  - B. Determined the IRS's plans to coordinate with other Federal agencies on customer service.
  - C. Determined the IRS's internal plans for providing customer service at the Taxpayer Assistance Centers and through toll-free telephone access.
- II. Determined if the IRS had adequate plans for changes to forms, instructions, publications, and Internal Revenue Manuals that will be affected by the requirement to maintain the MEC and the ACA tax credit provisions.
- III. Determined if the IRS had planned for adequate training for employees responsible for providing customer service related to the requirement to maintain the MEC and the ACA tax credit provisions.
- IV. Determined if the IRS had an adequate plan to perform outreach and education to individual taxpayers and tax return preparers regarding the requirement to maintain the MEC and the availability of the tax credit.
  - A. Determined if the IRS had an adequate plan to perform outreach and education to individual taxpayers and tax return preparers.
  - B. Determined whether the IRS's plans for providing information on IRS.gov and through social media were adequate.
  - C. Determined plans to educate taxpayers on the process/method by which the Advance PTC is advanced to taxpayers and later reconciled with their returns.



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- D. Determined whether the IRS planned to target outreach and education by demographics and how the demographics will be collected.
- E. Determined whether the IRS had adequate plans to monitor and measure the outreach and education efforts.
- F. Determined if the IRS had adequately planned for the resources needed to provide customer service related to the requirement to maintain the MEC and the availability of the tax credit. In addition, we evaluated the documentation supporting staffing resource estimates.

**Internal controls methodology**

Internal controls relate to management's plans, methods, and procedures used to meet their mission, goals, and objectives. Internal controls include the processes and procedures for planning, organizing, directing, and controlling program operations. They include the systems for measuring, reporting, and monitoring program performance. We determined the following internal controls were relevant to our audit objective: the IRS's planning processes to ensure that customer service is provided to taxpayers regarding the requirement to maintain the MEC and the availability of the tax credit. We evaluated these controls by interviewing management and analyzing IRS planning documents.



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## **Appendix II**

### *Major Contributors to This Report*

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Wilma Figueroa, Audit Manager  
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## **Appendix III**

### *Report Distribution List*

Commissioner

Office of the Commissioner – Attn: Chief of Staff C

Commissioner, Wage and Investment Division SE:W

Director, Affordable Care Act Office SE:ACA

Deputy Director, Strategy and Finance, Wage and Investment Division SE:W:S

Associate Chief Financial Officer for Corporate Planning and Internal Control OS:CFO:CPIC

Chief Counsel CC

National Taxpayer Advocate TA

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