



*Affordable Care Act: Implementation of the
Notification Requirement for Individual Filers
Not Enrolled in Health Insurance*

July 31, 2017

Reference Number: 2017-43-052

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HIGHLIGHTS

AFFORDABLE CARE ACT: IMPLEMENTATION OF THE NOTIFICATION REQUIREMENT FOR INDIVIDUAL FILERS NOT ENROLLED IN HEALTH INSURANCE

Highlights

Final Report issued on July 31, 2017

Highlights of Reference Number: 2017-43-052 to the Internal Revenue Service Commissioner for the Wage and Investment Division and the Director of the Affordable Care Act Office.

IMPACT ON TAXPAYERS

Section 1502(c) of the Affordable Care Act states that by June 30 of each year the IRS, in consultation with the Secretary of Health and Human Services, shall send a notification to each individual who files an individual income tax return and who is not enrolled in minimum essential health coverage. Minimum Essential Coverage is health insurance that contains essential benefits including emergency services, maternity, and preventive and wellness services. The IRS's notification should contain information on the services available through the Health Insurance Marketplace (also known as an Exchange) operating in the individual's State of residence.

WHY TIGTA DID THE AUDIT

This audit was initiated to assess the IRS's processes for identifying and notifying individuals who file an income tax return and do not have the required Minimum Essential Coverage under the Affordable Care Act. This includes assessing whether the IRS complied with Affordable Care Act Section 1502(c).

WHAT TIGTA FOUND

TIGTA's review identified that the IRS did not issue the required notification letters by June 30, 2015, to taxpayers without Minimum Essential Coverage for Tax Year 2014. IRS management delayed its planning to implement Section 1502(c) to focus on an analysis of Tax Year 2014 tax return information to better

understand taxpayer behavior during the initial year of the Individual Shared Responsibility Provision. This provision requires taxpayers who did not have Minimum Essential Coverage or an exemption from this requirement to make a Shared Responsibility Payment when filing their Federal income tax return.

In March 2016, the IRS's Affordable Care Act Program Management Office coordinated with the Department of the Treasury and the Centers for Medicare and Medicaid Services to develop the notification letters and identify taxpayers to whom the letter would be mailed. The IRS issued more than 7 million notification letters from November 2016 to January 2017 to individuals who reported an exemption from Minimum Essential Coverage or a Shared Responsibility Payment for Tax Year 2015.

However, TIGTA's review identified that the IRS did not send notifications to approximately 3.3 million taxpayers who did not report full-year Minimum Essential Coverage, an exemption from Minimum Essential Coverage or a Shared Responsibility Payment, and are not claimed as an exemption on someone else's tax return. In addition, the IRS did not send letters to 1.9 million individuals who reported an exemption from Minimum Essential Coverage or a Shared Responsibility Payment because they were selected to be part of a control group used to measure the effectiveness of the letters.

In addition, TIGTA's analysis of 5.4 million taxpayers who enrolled in health coverage through an Exchange in Calendar Year 2015 identified that the cost, after financial assistance, for 3.4 million (63 percent) taxpayers exceeded the \$75 a month cited in the letters mailed to taxpayers. The average cost to taxpayers was \$168 a month after financial assistance.

WHAT TIGTA RECOMMENDED

TIGTA did not make any recommendations in the report. A draft of the report was provided to IRS management for review. The IRS did not issue a response to the report.



TREASURY INSPECTOR GENERAL
FOR TAX ADMINISTRATION

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

July 31, 2017

MEMORANDUM FOR COMMISSIONER, WAGE AND INVESTMENT DIVISION
DIRECTOR, AFFORDABLE CARE ACT OFFICE

FROM: Michael E. McKenney
Deputy Inspector General for Audit

SUBJECT: Final Audit Report – Affordable Care Act: Implementation of the
Notification Requirement for Individual Filers Not Enrolled in Health
Insurance (Audit # 201740330)

This report presents the results of our review to assess the Internal Revenue Service's (IRS) implementation of the Affordable Care Act¹ requirement to notify individuals who file an income tax return reporting that they do not have Minimum Essential Coverage. This audit is included in our Fiscal Year 2017 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, Assistant Inspector General for Audit (Returns Processing and Account Services).

¹ Collectively, the Patient Protection and Affordable Care Act (Affordable Care Act), (Pub. L. No. 111-148, 124 Stat. 119 (2010) (codified as amended in scattered sections of the Internal Revenue Code and 42 U.S.C.), as amended by the Health Care and Education Reconciliation Act of 2010, Pub. L. No. 111-152, 124 Stat. 1029) and the Health Care and Education Reconciliation Act of 2010 (Pub. L. No. 111-152, 124 Stat. 1029).



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Abbreviations

ACA	Affordable Care Act
CMS	Centers for Medicare and Medicaid Services
EN	English
HHS	Department of Health and Human Services
IRS	Internal Revenue Service
MEC	Minimum Essential Coverage
PY	Processing Year
SP	Spanish
SRP	Shared Responsibility Payment
TY	Tax Year



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Background

The Patient Protection and Affordable Care Act of 2010 and the Health Care and Education Reconciliation Act of 2010 (hereafter collectively referred to as the Affordable Care Act (ACA))¹ require individuals to have Minimum Essential Coverage (MEC) throughout the year, starting in January 2014. MEC is health insurance that contains essential benefits including emergency services, maternity and newborn care, and preventive and wellness services. Individuals who do not have MEC must qualify for an exemption² from the MEC requirement or make a Shared Responsibility Payment (SRP)³ when filing their Federal income tax return.⁴

The ACA also includes a provision for notification of individuals not enrolled in MEC. Specifically, ACA Section 1502(c) states the following:

NOTIFICATION OF NONENROLLMENT — Not later than June 30 of each year, the Secretary of the Treasury, acting through the Internal Revenue Service and in consultation with the Secretary of Health and Human Services, shall send a notification to each individual who files an individual income tax return and who is not enrolled in minimum essential coverage (as defined in section 5000A of the Internal Revenue Code of 1986). Such notification shall contain information on the services available through the Exchange operating in the State in which such individual resides.

The Internal Revenue Service (IRS) was required to begin sending the notifications on June 30, 2015, to individuals who filed Tax Year (TY)⁵ 2014 returns with indications on the return that they or another individual listed on the return did not have MEC. In Processing Year (PY) 2015, a total of 17.5 million TY 2014 returns reported either an exemption from MEC or an SRP. Figure 1 provides a comparison of taxpayers reporting MEC and reporting an SRP for PYs 2015 and 2016.⁶

¹ Pub. L. No. 111-148, 124 Stat. 119 (2010) (codified as amended in scattered sections of the Internal Revenue Code and 42 U.S.C.), as amended by the Health Care and Education Reconciliation Act of 2010, Pub. L. No. 111-152, 124 Stat. 1029.

² To claim an MEC exemption, the taxpayer submits Form 8965, *Health Coverage Exemptions*, starting with his or her Tax Year 2014 tax return. See Appendix IV for an example of Form 8965.

³ Individuals who do not maintain MEC and do not qualify for an exemption must make an SRP, which is the greater of a percentage of household income or a flat dollar amount.

⁴ Taxpayers and dependents who did not maintain MEC must be exempt from having MEC or pay an SRP for each month during the calendar year for which MEC was not maintained.

⁵ A 12-month accounting period for keeping records on income and expenses used as the basis for calculating the annual taxes due. For most individual taxpayers, the tax year is synonymous with the calendar year.

⁶ The calendar year in which the tax return or document is processed by the IRS.



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Figure 1: MEC and SRP – PYs 2015 and 2016

	PY 2015	PY 2016
Returns Claiming an Exemption From MEC	10.8 million	12.8 million
Returns Reporting an SRP	6.7 million	6.5 million
Total	17.5 million	19.3 million

Source: Treasury Inspector General for Tax Administration analysis of individual tax returns processed as of December 31, 2016.

This review was performed at the IRS National Headquarters in Washington, D.C., in the ACA Program Management Office, during the period November 2016 through April 2017. 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

Actions Were Taken to Address Notification Letter Legislation

Our review identified that the IRS did not issue notification letters beginning June 30, 2015, as required. IRS management indicated that they delayed the planning needed to implement ACA Section 1502(c) to focus on research and analysis of TY 2014 tax return information and to better understand taxpayer behavior during the initial year of the Individual Shared Responsibility Provision.⁷ *****4*****

*****4*****
*****4*****
*****4*****
*****4*****

*****4***** Thus, the IRS focused its efforts on providing public outreach and education in lieu of sending notification letters. This included:

- Updating tax form instructions and publications to inform taxpayers of their requirement to maintain MEC.
- Coordinating with tax return preparers and tax preparation software developers to distribute similar information through their tax preparation software products.
- Detailing information on the consequences of not having MEC and information on the options for obtaining MEC on the ACA page of its public website.
- Updating SRP-related correspondence sent to taxpayers to include references to the services available from the Health Insurance Marketplace⁸ (also known as the Exchange). For example, the IRS added the statement “For more information on how to obtain health care coverage, visit www.healthcare.gov” to letter CP 14H, *Shared Responsibility Payment Balance Due \$5 or More, No Math Error*.⁹

In March 2016, the IRS’s ACA Program Management Office began coordinating with the Department of the Treasury and the Centers for Medicare and Medicaid Services (CMS) to discuss the logistics of issuing notifications to individuals who filed a TY 2015 return that reported an exemption from MEC or an SRP. The Department of the Treasury, IRS, and CMS collaborated on the development of the notification letters as well as the information to be

⁷ Internal Revenue Code Section (§) 5000A.

⁸ The ACA created the Health Insurance Marketplace, also known as the Exchange. The Exchange is where taxpayers find information about health insurance options, purchase qualified health plans, and, if eligible, obtain help paying premiums and out-of-pocket costs.

⁹ This letter is issued as a first notice to taxpayers who self-assess an SRP that is not paid.



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included in these letters. Letter templates were developed with information written in English (EN) and Spanish (SP).¹⁰ Some letters include a personalized SRP calculation,¹¹ while others provide the standard TY 2017 SRP amount per the Individual Shared Responsibility Provision. Finally, some letters encourage individuals to obtain health insurance in order to avoid an SRP, while other letters encourage individuals to either obtain health insurance or claim an exemption. Figure 2 provides an overview of the letters.

Figure 2: Overview of Letter 5900 Series

Letter Number	Information Provided	Letter Recipient Reported an SRP or Claimed an Exemption in TY 2015	Letter Contains Personalized SRP or Standard SRP
5900/ 5900 (EN/SP)	Advises taxpayer to obtain health insurance to avoid a penalty.	Reported an SRP	Personalized
5900-A/ 5900-A (EN/SP)	Advises taxpayer to obtain health insurance or claim an exemption to avoid a penalty.	Reported an SRP	Personalized
5900-B/ 5900-B (EN/SP)	Advises taxpayer to obtain health insurance to avoid a penalty.	Reported an SRP	Standard
5900-D/ 5900-D (EN/SP) ¹²	Advises taxpayer to obtain health insurance to avoid a penalty.	Reported an SRP	Personalized
5900-E/ 5900-E (EN/SP)	Advises taxpayer to obtain health insurance or claim an exemption to avoid a penalty.	Claimed an Exemption	Standard

Source: Treasury Inspector General for Tax Administration analysis of Letter 5900 Series and IRS management.

The Department of the Treasury, using data provided by the IRS, identified taxpayers to whom the letter would be mailed.¹³ The IRS and CMS negotiated a one-time reimbursable agreement whereby the IRS assisted in the development and mailing of the letters. The IRS used the

¹⁰ See Appendix V for an example of each letter template.

¹¹ A personalized SRP calculation is an estimated penalty amount based on the taxpayer's prior tax return information.

¹² Letters 5900 and 5900-D differ only in the timing of mailing.

¹³ Appendix VI details the specific criteria used to identify taxpayers who would receive a letter.



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U.S. Government Publishing Office to print and mail the letters.¹⁴ The agreement between the IRS and CMS further stated that the CMS would reimburse the IRS up to \$5 million for the cost to develop, print, and send the letters. The IRS indicated that it expended \$179,297 on the development of the letters and nearly \$3.5 million for printing and sending the letters. The first set of notification letters were issued in November 2016 with additional letters mailed in January 2017. The IRS mailed over 7 million letters to individuals who filed a TY 2015 return and reported an exemption from MEC or reported a SRP. Figure 3 shows the volume and dates the letters were mailed.

Figure 3: 5900 Series Letter Volumes and Mailing Dates

Letter Number	Letter Volume EN	Letter Volume SP	Total Letter Volume	Mailing Dates
5900	513,497	514,378	1,027,875	
5900-A	514,369	514,374	1,028,743	1/12/17 and 1/13/17
5900-B	514,384	519,945	1,034,329	
5900-D	400,971	400,951	801,922	11/28/16
5900-E	1,796,415	1,797,303	3,593,718	1/12/17 and 1/13/17
Totals	3,739,636	3,746,951	7,486,587¹⁵	

Source: IRS Management and U.S. Government Publishing Office.

In response to our question regarding why the majority of the letters were mailed two weeks prior to the January 31 deadline for insurance enrollment for the 2017 coverage year, representatives from the Department of the Treasury noted that this decision was made because the Department of the Treasury’s review of behavioral studies found that individuals delay

¹⁴ The U.S. Government Publishing Office is the Federal Government’s official, digital, secure resource for producing, procuring, cataloging, indexing, authenticating, disseminating, and preserving the official information products of the U.S. Government.

¹⁵ Although the IRS delivered 7,486,587 letters to the Government Publishing Office, 26,845 letters were undeliverable because the taxpayers had no forwarding address, their Post Office Box was closed, or they have a foreign address.



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recipient obtained insurance). The Department of the Treasury indicated that it would conduct this analysis.

It should be noted that the interagency agreement with the CMS is a one-time agreement. As of April 12, 2017, IRS management stated that they have no plans to coordinate with CMS to send additional letters. However, management noted that, for PY 2017, the IRS began sending notifications to transmitters of electronically filed tax returns to be shared with taxpayers who submit a TY 2016 Form 8965, *Health Coverage Exemptions*, with missing or incorrect information or report an SRP on their TY 2016 return. The notifications are also sent to transmitters of silent returns. Below is the information in the notification:

If you need health coverage, visit www.HealthCare.gov to learn about health insurance options that are available for you and your family, how to purchase health insurance, and how you might qualify to get financial assistance with the cost of insurance.

The Cost of Insurance Included in the Letters Was Misleading

The IRS's notification letters to taxpayers without MEC stated that most people can find an insurance plan through HealthCare.gov for \$75 a month or less after financial assistance. However, our analysis of Exchange data for 5.4 million individuals who enrolled in health coverage through an Exchange in Calendar Year 2015 identified that the actual cost,¹⁸ after financial assistance, for approximately 3.4 million (63 percent) taxpayers exceeded \$75 a month. The average cost to these taxpayers was \$168 a month after financial assistance. As a result, many of the nearly 7.5 million taxpayers who receive letters and seek insurance may feel misled if the actual cost of their insurance is much higher than the \$75 per month detailed in their notification letter.

IRS management stated that the CMS provided the \$75 amount. The CMS noted that this amount was based on studies completed by the Department of Health and Human Services (HHS).¹⁹ The studies concluded that 72 percent of enrollees can find a plan for \$75 or less per month after receiving any applicable Advance Premium Tax Credit.²⁰ Our review of the HHS's studies found that the \$75 is an estimate based on individuals residing in only 38 States who paid health care premiums and received Advance Premium Tax Credits. In addition, the \$75 is based on the average premiums for lower-tiered plans that provide fewer benefits than higher premium

¹⁸ We analyzed ACA Verification Service data received between January 1 and June 30, 2016. This application performs compliance checks and validation of ACA data during tax return processing.

¹⁹ HHS, *The Effect of Shopping and Premium Tax Credits on the Affordability of Marketplace Coverage* (Oct. 2016). HHS, *Health Plan Choice and Premiums in the 2017 Health Insurance Marketplace* (Aug. 2016).

²⁰ The ACA created the Premium Tax Credit to assist taxpayers with low or moderate income in paying their health insurance premiums. Once the Exchange determines the amount of the credit the taxpayer is entitled to receive, the individual can elect the actual amount to be sent to his or her insurer on a monthly basis. These monthly payments sent in advance to the insurer are called Advance Premium Tax Credits.



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plans. Thus, the \$75 is based on the cost that taxpayers can find coverage for on www.HealthCare.gov after financial assistance for this lone low-cost health plan rather than the cost of plans that taxpayers actually select.

IRS management also noted that Department of the Treasury officials reviewed the studies and found the methodology for calculating the \$75 average monthly cost was accurate. Department of the Treasury officials indicated that they reviewed the HHS's studies and discussed the findings in the studies with HHS officials. Based on the reviews and discussions, they found the methodology used to calculate the \$75 estimate to be accurate because the estimate is explained in the studies and similar estimates have been used in a wide variety of HHS's outreach materials vetted by Office of Management and Budget officials for several years. Department of the Treasury officials also indicated that the \$75 amount is reasonable because the individuals to whom the letter was sent may be able to purchase health care insurance for a lower cost than the individuals who already purchased insurance. For example, letter recipients may be younger and healthier, whereas individuals who already purchased insurance may be older with preexisting health conditions or have families who desire access to a familiar health care provider, which generally costs more. It should be noted that we requested documentation supporting reviews of these studies and were informed that there was no formal documentation supporting the reviews performed.

Office of Management and Budget Federal Regulation 67, Number 36, *Guidelines for Ensuring and Maximizing the Quality, Objectivity, Utility, and Integrity of Information Disseminated by Federal Agencies*, requires the IRS and all Federal agencies to ensure the quality of shared information. The regulation states that all agencies are responsible for the quality of information to be disseminated and also requires agencies to develop a process for reviewing the quality of information before it is disseminated. Further, information is required to be presented in an accurate, clear, complete, and unbiased manner, and agencies must identify the sources of the disseminated information to the furthest extent possible so that the public can assess for itself whether there may be a reason to question the objectivity of the sources.



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Appendix I

Detailed Objective, Scope, and Methodology

Our overall objective was to assess the IRS's implementation of the ACA¹ requirement to notify individuals who file an individual income tax return reporting that they do not have MEC. To accomplish our objective, we:

- I. Determined whether the IRS complied with ACA Section 1502(c).
 - A. Determined whether the IRS timely sent notification letters.
 - B. Determined if the letters informed the taxpayer of the services available through the Exchange operating in the individual's State of residence.
 - C. Identified the outreach efforts the IRS made in lieu of sending notifications to individuals without MEC for Calendar Year 2014.
 - D. Determined if the IRS's outreach efforts satisfied the intent of ACA Section 1502(c).
 - E. Determined whether letters were delivered to individuals in time for them to sign up for Calendar Year 2017 insurance by January 31, 2017. We interviewed U.S. Government Publishing Office officials and determined the actual dates the January letters were mailed and the average days it took for individuals to receive the notifications.
 - F. Evaluated the IRS's efforts for generating electronic filing alert messages to inform taxpayers of their health insurance options.
- II. Determined if the statement that the majority of individuals may obtain health insurance coverage for as little as \$75 after financial assistance was misleading.
 - A. Obtained and reviewed documents from the IRS and CMS that supported the \$75 amount.
 - B. Evaluated the criteria the CMS used to calculate the \$75 amount.
 - C. Identified 5.4 million taxpayers who obtained health insurance through HealthCare.gov in PY 2015, based on the 2015 Exchange Periodic Data, and the

¹ Collectively, the Patient Protection and Affordable Care Act (Affordable Care Act), (Pub. L. No. 111-148, 124 Stat. 119 (2010) (codified as amended in scattered sections of the Internal Revenue Code and 42 U.S.C.), as amended by the Health Care and Education Reconciliation Act of 2010, Pub. L. No. 111-152, 124 Stat. 1029) and the Health Care and Education Reconciliation Act of 2010 (Pub. L. No. 111-152, 124 Stat. 1029).



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- average amount they paid for health insurance after financial assistance such as the Advance Premium Tax Credit.
- D. Determined if the \$75 amount is reasonable.
- III. Evaluated the IRS's agreement with the CMS to determine if the IRS was properly reimbursed.
- A. Determined if the IRS is accurately calculating the cost that it sends to the CMS for reimbursement.
- B. Determined if the CMS reimbursed the IRS for the billed amount.
- C. Assessed the IRS's plans for measuring the effectiveness of the letters (analyzing responses).

Validity and reliability of data from computer-based systems

For this review, we relied on IRS-provided Form 1095-A, *Health Insurance Marketplace Statement*, data extracted from the Information Returns Database, the ACA Verification Service data, and Exchange Periodic Data extracted from the Coverage Data Repository.² We also relied on data extracted from the Individual Return Transaction File,³ and the Individual Master File.⁴ To assess the reliability of the computer-processed data, programmers within Strategic Data Services validated the data extract files, while we ensured that the data extract contained the specific data elements we requested and that the data elements were accurate. In addition, we selected random samples and verified that the data were the same as the data contained in the IRS's Integrated Data Retrieval System and Employee User Portal.⁵ We determined that the data were valid and reliable for purposes of this report.

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 that the following internal controls were relevant to our audit objective: IRS processes and procedures for implementing ACA Section 1502(c), identifying letter recipients, providing outreach and

² The Information Returns Database contains ACA information returns received through the ACA Information Returns system such as Forms 1095-A, submitted by Health Insurance Marketplaces. The Coverage Data Repository is the database that stores all of the insurance data as provided by HHS and is accessed via the Accounts Management System.

³ Contains data transcribed from initial input of the original individual tax returns during tax return processing.

⁴ The IRS database that maintains transactions or records of individual tax accounts.

⁵ The Integrated Data Retrieval System is an IRS computer system capable of retrieving or updating stored information; it works in conjunction with a taxpayer's account records. The Employee User Portal allows IRS employees to access business applications and other data such as e-Services and Modernized e-File data.



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education in lieu of notifications, and billing the CMS for reimbursement of costs to send the notifications. We evaluated these controls by interviewing IRS management and CMS, U.S. Government Publishing Office, and Department of the Treasury personnel; reviewing documentation related to outreach efforts; reviewing documentation related to the IRS's confirmation of the individuals selected by the Department of the Treasury to receive a notification; reviewing the interagency agreement between the IRS and the CMS; and confirming that costs billed to the CMS were reimbursed.



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Appendix II

Major Contributors to This Report

Russell Martin, Assistant Inspector General for Audit (Returns Processing and Account Services)

Allen Gray, Director

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Nikole Smith, Lead Auditor

Alexis Gomez, Auditor

Laura Robertson, Auditor



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Appendix III

Report Distribution List

Commissioner
Office of the Commissioner – Attn: Chief of Staff
Commissioner, Wage and Investment Division
Deputy Commissioner for Operations Support
Deputy Commissioner for Services and Enforcement
Deputy Commissioner, Wage and Investment Division
Director, Customer Assistance, Relationships and Education, Wage and Investment Division
Director, Media and Publications, Wage and Investment Division
Director, Program Management Office, Affordable Care Act Office
Special Counsel (Health Care), Office of Chief Counsel
Director, Submission Processing, Wage and Investment Division
Director, Office of Audit Coordination



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Appendix IV

Form 8965, Health Coverage Exemptions

Form 8965 Department of the Treasury Internal Revenue Service	Health Coverage Exemptions Attach to Form 1040, Form 1040A, or Form 1040EZ. Information about Form 8965 and its separate instructions is at www.irs.gov/form8965 .	OMB No. 1545-0074 2016 Attachment Sequence No. 75
Name as shown on return		Your social security number

Complete this form if you have a Marketplace-granted coverage exemption or you are claiming a coverage exemption on your return.

Part I Marketplace-Granted Coverage Exemptions for Individuals. If you and/or a member of your tax household have an exemption granted by the Marketplace, complete Part I.

	(a) Name of Individual	(b) SSN	(c) Exemption Certificate Number
1			
2			
3			
4			
5			
6			

Part II Coverage Exemptions Claimed on Your Return for Your Household

7 If you are claiming a coverage exemption because your household income or gross income is below the filing threshold, check here.

Part III Coverage Exemptions Claimed on Your Return for Individuals. If you and/or a member of your tax household are claiming an exemption on your return, complete Part III.

	(a) Name of Individual	(b) SSN	(c) Exemption Type	(d) Full Year	(e) Jan	(f) Feb	(g) Mar	(h) Apr	(i) May	(j) June	(k) July	(l) Aug	(m) Sept	(n) Oct	(o) Nov	(p) Dec
8																
9																
10																
11																
12																
13																

For Privacy Act and Paperwork Reduction Act Notice, see your tax return instructions.

Cat. No. 37787G

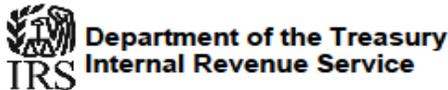
Form **8965** (2016)



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Appendix V

Letter 5900 Series



January 12, 2016

Why am I getting this letter?

The law requires people to have a minimum level of health coverage, qualify for an exemption, or pay a penalty when they file their taxes. Our records show you reported owing this penalty when you filed your 2015 taxes because you or someone in your family did not have health insurance during that year. If you don't have health insurance or an exemption next year, you'll likely owe a penalty for 2017 as well. We are writing to make sure you know how you can avoid this penalty by signing up for health insurance.

How do I avoid the penalty next year?

If you don't have health coverage, you can avoid owing a penalty for most or all of 2017 by signing up for health insurance soon. One way to get insurance is to sign up at HealthCare.gov before **January 31, 2017**. If you already have health coverage, you won't owe a penalty as long as you stay covered.

How much will my penalty be next year if I don't sign up?

The penalty for not having any health coverage in 2017 will be about _____ if your income and family size have not changed since 2015.

How much does health insurance at HealthCare.gov cost?

Most people who enroll in a plan through HealthCare.gov can find plans for **\$75 a month or less** after financial help. At HealthCare.gov, you can compare plans to find one that meets your needs and budget.

How do I sign up for health insurance or get help finding a plan?

You can apply online by computer or mobile device, or you can get help in-person or by phone.

- Visit HealthCare.gov, select your state, and follow the step-by-step directions.
- Find in-person help from someone in your community at LocalHelp.HealthCare.gov.
- For questions or help signing up, call _____

When is the deadline to sign up?

January 31, 2017, is the last day to enroll in a 2017 plan on HealthCare.gov.

Letter 5900 (10-2016)
Catalog Number 69219H



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January 12, 2016

Why am I getting this letter?

The law requires most people to have a minimum level of health coverage, qualify for an exemption, or pay a penalty when they file their taxes. Our records show you reported owing this penalty when you filed your 2015 taxes because you or someone in your family did not have health insurance during that year. If you don't have health insurance or an exemption next year, you'll likely owe a penalty for 2017 as well. We are writing to make sure you know how you can avoid this penalty by signing up for health insurance.

How do I avoid the penalty next year?

If you don't have health coverage, you can avoid owing a penalty for most or all of 2017 by signing up for health insurance soon. One way to get insurance is to sign up at HealthCare.gov before **January 31, 2017**. If you already have health coverage, you won't owe a penalty as long as you stay covered. You may also be able to avoid the penalty by applying for an exemption at HealthCare.gov or by claiming an exemption on your 2017 taxes.

How much will my penalty be next year if I don't sign up?

The penalty for not having any health coverage in 2017 will be about _____ if your income and family size have not changed since 2015.

How much does health insurance at HealthCare.gov cost?

Most people who enroll in a plan through HealthCare.gov can find plans for **\$75 a month or less** after financial help. At HealthCare.gov, you can compare plans to find one that meets your needs and budget.

How do I sign up for health insurance or get help finding a plan?

You can apply online by computer or mobile device, or you can get help in-person or by phone.

- Visit HealthCare.gov, select your state, and follow the step-by-step directions.
- Find in-person help from someone in your community at LocalHelp.HealthCare.gov.
- For questions or help signing up, call _____

When is the deadline to sign up?

January 31, 2017, is the last day to enroll in a 2017 plan on HealthCare.gov.

Letter 5900-A (10-2016)
Catalog Number 69221T



Affordable Care Act: Implementation of the Notification Requirement for Individual Filers Not Enrolled in Health Insurance



January 12, 2016

Why am I getting this letter?

The law requires most people to have a minimum level of health coverage, qualify for an exemption, or pay a penalty when they file their taxes. Our records show you reported owing this penalty when you filed your 2015 taxes because you or someone in your family did not have health insurance during that year. If you don't have health insurance or an exemption next year, you'll likely owe a penalty for 2017 as well. We are writing to make sure you know how you can avoid this penalty by signing up for health insurance.

How do I avoid the penalty next year?

If you don't have health coverage, you can avoid owing a penalty for most or all of 2017 by signing up for health insurance soon. One way to get insurance is to sign up at HealthCare.gov before **January 31, 2017**. If you already have health coverage, you won't owe a penalty as long as you stay covered.

How much will my penalty be next year if I don't sign up?

The penalty for not having any health coverage in 2017 will be at least \$695 per adult and \$347 per child (up to \$2,085 per family), and could be more, depending on your income.

How much does health insurance at HealthCare.gov cost?

Most people who enroll in a plan through HealthCare.gov can find plans for **\$75 a month or less** after financial help. At HealthCare.gov, you can compare plans to find one that meets your needs and budget.

How do I sign up for health insurance or get help finding a plan?

You can apply online by computer or mobile device, or you can get help in-person or by phone.

- Visit HealthCare.gov, select your state, and follow the step-by-step directions.
- Find in-person help from someone in your community at LocalHelp.HealthCare.gov.
- For questions or help signing up, call

When is the deadline to sign up?

January 31, 2017, is the last day to enroll in a 2017 plan on HealthCare.gov.

Letter 5900-B (10-2016)
Catalog Number 69222E



Affordable Care Act: Implementation of the Notification Requirement for Individual Filers Not Enrolled in Health Insurance



November 28, 2016

Why am I getting this letter?

The law requires people to have a minimum level of health coverage, qualify for an exemption, or pay a penalty when they file their taxes. Our records show you reported owing this penalty when you filed your 2015 taxes because you or someone in your family did not have health insurance during that year. If you don't have health insurance or an exemption next year, you'll likely owe a penalty for 2017 as well. We are writing to make sure you know how you can avoid this penalty by signing up for health insurance.

How do I avoid the penalty next year?

If you don't have health coverage, you can avoid owing a penalty for most or all of 2017 by signing up for health insurance soon. One way to get insurance is to sign up at HealthCare.gov before **January 31, 2017**. If you already have health coverage, you won't owe a penalty as long as you stay covered.

How much will my penalty be next year if I don't sign up?

The penalty for not having any health coverage in 2017 will be about _____ if your income and family size have not changed since 2015.

How much does health insurance at HealthCare.gov cost?

Most people who enroll in a plan through HealthCare.gov can find plans for **\$75 a month or less** after financial help. At HealthCare.gov, you can compare plans to find one that meets your needs and budget.

How do I sign up for health insurance or get help finding a plan?

You can apply online by computer or mobile device, or you can get help in-person or by phone.

- Visit HealthCare.gov, select your state, and follow the step-by-step directions.
- Find in-person help from someone in your community at LocalHelp.HealthCare.gov.
- For questions or help signing up, call _____

When is the deadline to sign up?

January 31, 2017, is the last day to enroll in a 2017 plan on HealthCare.gov.

Letter 5900-D (10-2016)
Catalog Number 69224A



Affordable Care Act: Implementation of the Notification Requirement for Individual Filers Not Enrolled in Health Insurance



January 12, 2016

Why am I getting this letter?

The law requires people to have a minimum level of health coverage, qualify for an exemption, or pay a penalty when they file their taxes. Our records show you claimed an exemption from the health coverage requirement when you filed your 2015 taxes. If you or someone in your family doesn't have health insurance or an exemption next year, you'll likely owe a penalty for 2017. We are writing to make sure you know how you can avoid this penalty by signing up for health insurance or getting an exemption.

How do I avoid the penalty next year?

If you don't have health coverage, you can avoid owing a penalty for most or all of 2017 by signing up for health insurance soon. One way to get insurance is to sign up at HealthCare.gov before **January 31, 2017**. If you already have health coverage, you won't owe a penalty as long as you stay covered. You may also be able to avoid the penalty by applying for an exemption at HealthCare.gov or by claiming an exemption on your 2017 taxes.

How much will my penalty be next year if I don't sign up?

The penalty for not having any health coverage or an exemption in 2017 will be at least \$695 per adult and \$347 per child (up to \$2,085 per family), and could be more, depending on your income.

How much does health insurance at HealthCare.gov cost?

Most people who enroll in a plan through HealthCare.gov can find plans for **\$75 a month or less** after financial help. At HealthCare.gov, you can compare plans to find one that meets your needs and budget.

How do I sign up for health insurance or get help finding a plan?

You can apply online by computer or mobile device, or you can get help in-person or by phone.

- Visit HealthCare.gov, select your state, and follow the step-by-step directions.
- Find in-person help from someone in your community at LocalHelp.HealthCare.gov.
- For questions or help signing up, call

When is the deadline to sign up?

January 31, 2017, is the last day to enroll in a 2017 plan on HealthCare.gov.

Letter 5900-E (10-2016)
Catalog Number 69226W



Affordable Care Act: Implementation of the Notification Requirement for Individual Filers Not Enrolled in Health Insurance

Appendix VI

Criteria Used to Identify Individuals Mailed a Letter

Individuals who reported an SRP or claimed an exemption on their tax return are deemed to be without MEC and should receive a notification. However, the Department of the Treasury's Individual Taxation Division coordinated with the IRS to develop the criteria below to exclude some individuals who are not required to have MEC or pay an SRP from receiving a notification.

Tax Returns Reporting an <u>SRP</u> on TY 2015 Form 1040	Tax Returns Reporting an <u>Exemption</u> on TY 2015 Form 8965
<p>Exclude:</p> <ul style="list-style-type: none"> · Primary taxpayers claimed as dependents on another return. · Returns for which the primary or secondary taxpayer or dependents have an Individual Taxpayer Identification Number.¹ · Returns with taxpayer addresses outside the United States. · Returns for which the primary or secondary taxpayer or dependents received a TY 2015 Form 1095-A. · Returns for which the primary or secondary taxpayer or dependents appear in the 2016 Exchange Periodic Data. · Returns for which the primary or secondary taxpayer is over 65 or under 18 at the end of Calendar Year 2016. · Returns for which the primary or secondary taxpayer is deceased. · Accounts with certain Criminal Investigation or Exam freeze codes. 	<p>Exclude the same criteria as returns reporting an SRP but also exclude:</p> <ul style="list-style-type: none"> · Taxpayer income below 100 percent of the Federal Poverty Level and residents of a non-Medicaid expansion State.* · Taxpayers claiming the following exemptions: <ul style="list-style-type: none"> · A gap in health care coverage of 90 days or less. · Citizen living abroad or noncitizen. · Member of a health care sharing ministry. · Member of an Indian tribe. · Medicaid non-expansion code. · Member of a religious sect. · Certain Medicaid coverage.

* Taxpayers with income below 100 percent of the Federal Poverty Level do not qualify for health insurance subsidies through an Exchange and, without the ability to obtain expanded Medicaid, these taxpayers cannot afford to obtain health insurance coverage.

Source: ACA Exclusion and Outreach Summary provided by the Department of the Treasury.

¹ The IRS issues an Individual Taxpayer Identification Number to individuals with a filing requirement who do not have a Social Security Number.