

HEALTH INSURANCE THROUGH THE MARKETPLACE– TAX CONSIDERATIONS

By Chaney Black

If you have health insurance coverage purchased through the Health Insurance Marketplace, there are a few things to consider and be aware of when it comes to your tax return. When you apply for coverage in the Health Insurance Marketplace, you may qualify for a premium tax credit, which lowers your monthly premium. The amount of your premium tax credit depends on the estimated household income for upcoming year that you put on your application.

The premium tax credit program uses the federal poverty line as a basis for income range for credit eligibility. The range is 100 percent to 400 percent of the federal poverty line amount for the size of your family for the current tax year. For example, if you are a family of 4, once your household modified gross income exceeds \$98,400, you are not eligible for a premium tax credit.

2018 Federal Poverty Level Chart – Income Brackets (Contiguous 48 States)				
Persons in Household	100% FPL	138% FPL	250% FPL	400% FPL
1	\$12,060	\$16,642	\$30,150	\$48,240
2	\$16,240	\$22,411	\$40,600	\$64,960
3	\$20,420	\$28,179	\$51,050	\$81,680
4	\$24,600	\$33,948	\$61,500	\$98,400
5	\$28,780	\$39,716	\$71,950	\$115,120
6	\$32,960	\$45,484	\$82,400	\$131,840

Tax Considerations

We have discovered that many people choose to take nearly all of the credit upfront (in advance), but then later realize that their household income is higher than originally estimated. In some cases, the taxpayer is then required to pay back a portion of the credit on their tax return, which can be large. As a farmer or rancher, since it can be difficult to estimate your income for the upcoming year when applying, we suggest taking only a portion of the credit upfront. If you qualify for the premium tax credit, it is crucial that you contact your tax preparer to do a tax estimate before the end of the year. By doing this and letting your tax preparer know that you have health insurance through the marketplace, it enables them to offer you the best tax planning advice.

Another important point to note is that you are not allowed to put your child on your health insurance marketplace policy if you don't plan to claim them as a dependent on your tax return.

If you have health insurance through the marketplace, you will receive a Form 1095-A. Please provide this form, along with your other tax documents, to your tax preparer. It contains information that is required to complete your tax return.

Thanks,

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