

ACA Marketplace Coverage: MEC, Affordability & Exemptions

~tax years 2014-2018 only~

The individual shared responsibility provision of the Affordable Care Act requires taxpayers to have:

- qualifying health coverage (known as minimum essential coverage or MEC); **or**
- qualify for a coverage exemption; **or**
- make an individual shared responsibility payment when filing their federal income tax return.

The shared responsibility payment was reduced to zero (\$0) for 2019 and after tax years; for this reason, the information in this document applies **only to tax returns for tax years 2014 through 2018**, when taxpayers need to report health coverage status and navigate potential shared responsibility payments or exemptions.

For general information about reporting ACA Marketplace coverage on tax returns, refer to:

- [Reporting Form 1095-A Data in TaxSlayer](#)
- [IRS Instructions for Form 8962](#)
- [IRS Publication 4012](#)

How to Assist Taxpayers

Bookmarked sections in this document include:

[Understanding Minimum Essential Care \(MEC\)](#)

[Understanding Exemptions to the Shared Responsibility Payment](#)

[About the “G” Hardship Exemption](#)

For information and instructions on claiming exemptions to the individual shared responsibility payment in TaxSlayer, see:

- [Understanding and Entering the “Affordability” Exemption in TaxSlayer](#)
- [Entering Exemptions Other Than Affordability in TaxSlayer](#)

Understanding Minimum Essential Coverage (MEC)

What types of insurance ARE considered MEC?

Employer-Sponsored Coverage

- Employee coverage (including self-insured plans)
- COBRA coverage
- Retiree coverage
- Coverage under an expatriate health plan for employees

Individual Health Coverage

- Health insurance purchased through the Health Insurance Marketplace
- Health insurance purchased directly from an insurance company
- Grandfathered health plans in force since March 23, 2010 or earlier
- Health insurance provided through a student health plan
- Catastrophic coverage purchased inside or outside the Health Insurance Marketplace
- Coverage under an expatriate health plan for non-employees, such as students and missionaries

Coverage Under Government-Sponsored Programs

- Medicare Part A coverage
- Medicare Advantage plans
- Medicaid coverage that is comprehensive
- Children's Health Insurance Program (CHIP)
- Most types of TRICARE coverage
- Comprehensive health care programs offered by the Department of Veterans Affairs
- Health coverage provided to Peace Corps volunteers
- Department of Defense Non-Appropriated Fund Health Benefits Programs Refugee Medical Assistance (RMA)
- Basic Health Program (BHP) standard plan

Other Coverage

- Certain foreign coverage (if recognized as MEC by HHS)
- Certain coverage for business owners Certain coverage recognized by HHS as MEC

What types of insurance are NOT considered MEC?

- MAP
- CommUnity Care Sliding Scale program
- CHIP Perinatal (only for pregnancy care)

- Coverage consisting solely of “excepted benefits,” like policies that only cover vision or dental care
- Plans that offer discounts on prescription drugs or doctor visits but don’t pay for health services
- Plans that pay for services that treat only specific conditions, such as cancer plans
- Short-term health plans
- Accident or disability insurance
- Workers’ compensation
- AmeriCorps/AfterCorps coverage
- Medicaid coverage providing only limited benefits

Understanding Exemptions to the Shared Responsibility Payment

Taxpayers who do not have qualifying health coverage for tax years 2014 through 2018 may qualify for an **exemption** to the individual shared responsibility payment. Exemptions are usually claimed on a tax return, but may also be granted beforehand by the Healthcare.gov Marketplace and simply reported on the tax return.

Exemptions Granted By the Marketplace (less common):

Exemptions that are only granted by the Marketplace include those for:

- Members of certain religious sects
- People for whom the coverage available is considered unaffordable based on projected income
- People who are determined ineligible for Medicaid in a state that did not expand Medicaid coverage

If the Marketplace grants a coverage exemption, the taxpayer receives a notice with a unique Exemption Certificate Number or ECN. When the tax return is prepared, the ECN is entered in TaxSlayer and appears on **Form 8965, Premium Tax Credit** in column C of Part I, Marketplace-Granted Coverage Exemptions for Individuals. See [Entering Exemptions Other than Affordability in TaxSlayer](#).

Exemptions Claimed on the Tax Return (most common):

Other exemptions to the requirement for health coverage are claimed on the tax return and are generally based either on:

- Hardship - If financial hardship or other circumstances prevented the taxpayer from getting health insurance.
- Affordability - If there are income-related reasons that prevented the taxpayer from finding affordable health insurance
- Taxpayer Circumstances - Non-US. Citizens, persons born or deceased during the tax year, those with only a short-term coverage gap, etc.

►► For a full list of exemptions, see [List of Exemptions Chart](#).

For a chart outlining which types of income are included in determining PTC eligibility and exemptions, see [What is Considered “Income” to Determine PTCs & Exemptions](#).

A Note about Taxpayers with DACA Status:

Individuals with Deferred Action for Childhood Arrivals (DACA) status are considered undocumented for purposes of Marketplace health insurance enrollment eligibility and therefore are eligible for **code C** to avoid the shared responsibility payment. DACA status is indicated through category code C33 on the employment authorization card.

A Note About Taxpayers with Valid Employment Authorization and Restricted Social Security Cards:

Taxpayers who have a valid employment authorization card and a restricted social security card (or if their employment authorization document application/renewal is pending) are subject to the shared responsibility payment if they were without health insurance. If the taxpayer’s employment authorization card has expired, they are eligible for exemption **code C**.

About the “G” Hardship Exemption

If the taxpayer falls below 138% of the Federal Poverty Line (FPL) for the tax year, they qualify for a **Code G** exemption. See the chart below for income limits by household size and tax year (2015 through 2018).

HH size	138% (2018 returns)	138% (2017 returns)	138% (2016 returns)	138% (2015 returns)
1	\$16,643	\$16,394	\$16,243	\$16,105
2	\$22,411	\$22,108	\$21,983	\$21,707
3	\$28,180	\$27,821	\$27,724	\$27,310
4	\$33,948	\$33,534	\$33,465	\$32,913
5	\$39,716	\$39,247	\$39,206	\$38,516
6	\$45,485	\$44,960	\$44,947	\$44,119
7	\$51,253	\$50,687	\$50,687	\$49,721
8	\$57,022	\$56,428	\$56,428	\$55,324

Expanded eligibility for Code G - Hardship Exemption

In 2018, eligibility for **Code G** exemptions was expanded to include a broader number of circumstances. The chart below illustrates these expanded hardship types.

- The taxpayer will need to identify the hardship that applies to their situation.
- The Tax Help Program does not require proof of eligibility in these cases. Inform the taxpayer that the IRS may request documentation at a later point.

See the next page for a chart of the expanded **Code G** exemptions.

New General Hardship Exemptions* (Code G)

Did any of the following hardships prevent you from obtaining coverage?

Financial Hardship

- You were homeless
- You were evicted or face eviction or foreclosure
- You received a utility shut-off notice
- You filed for bankruptcy
- You had medical debt in the last 24 months
- You had unexpected increases in expenses caring for ill, disabled or aging relative
- You were determined ineligible for Medicaid in a state that did not expand Medicaid coverage
- You were without coverage while awaiting a decision on a marketplace appeal

Plan Choice Hardship

- You lived in a county with only one issuer offering coverage and can show that the lack of choice precluded enrollment**

- All affordable plans provide abortion coverage contrary to your beliefs**
- You experienced a personal circumstance that created a hardship, such as when no affordable plans provide access to needed specialty care**

Personal Hardship

- You experienced a disaster that resulted in significant property damage
- You experienced domestic violence
- A close family member died
- Your child was denied Medicaid or CHIP and another person is required by court order to provide coverage for the child
- You experienced another hardship that prevented you from obtaining coverage

*Most of these exemptions were formerly claimed by submitting a marketplace application. The exemption is valid for the month(s) of the hardship and the month before and after.

**New hardships

 ACA: What Tax Preparers Need to Know

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