

## Navigating the Affordability Exemption

The affordability exemption is figured for taxpayers who did not have health insurance for all or part of the year and the least expensive plan through a self-only offer or family offer of coverage from an employer or the least expensive Marketplace plan for the year would have cost **over 8.05%** of the tax household income.

### How is affordability measured? *(Use the first that applies for each family member)*

- Lowest-cost self-only plan offered to the employee by his or her employer
- Lowest-cost family plan offered by the employer of a family member in the tax unit
- Lowest-cost bronze plan in the marketplace, after accounting for PTC

**In figuring the affordability exemption, we have to stop (and do the calculation) at the first criteria above that applies.** For example, if the taxpayer had an offer of coverage from his employer, we stop there and do the calculation. We cannot then use the Marketplace premiums to determine affordability. Similarly, if the secondary taxpayer did not have an offer from her employer but was offered coverage through a family plan via the primary taxpayer, we must do the calculation using the family plan premium amounts. **We cannot use the Marketplace premiums unless the taxpayer did not have a self-only or family plan offer of coverage in the tax year.**

**Please note that most people will not qualify for the affordability exemption specific to the Marketplace.** Marketplace premiums were designed to adjust (in the amount of premium tax credits applied) based on a set of factors in order to provide affordable coverage for individuals. Only in some very specific situations, like if someone is a smoker or is filing MFS, would the least expensive Marketplace plan have been over 8.05% of tax household income and thus qualify the individual for the affordability exemption.

To figure the affordability exemption, you will first answer some basic questions in the Healthcare section based on the taxpayer's situation. This next screen deals with total tax household income, which includes dependent income. Read the questions carefully and enter any amounts if applicable.

For the first box, enter the total of any DD amounts listed on the W-2s. You only need to enter an amount if there are DD amounts on the W-2 and you are calculating the affordability exemption.

The second set of boxes deals with dependent income. **Note:** you only need to enter dependent income for dependents who had a filing requirement.

You will then select No to the first question about exemptions, which will generate a follow-up question that asks if you would like to apply for the affordability exemption. Select Yes.

Practice Lab 2017 Help & Support AUSTIN DRAKE

### Health Care Exemptions

**!** You do not qualify for the exemption based on Household or Gross Income below Filing Threshold, but if you or another household member received a Marketplace Issued Exemption Certificate or qualify for a coverage exemption, please refer to the question below.

Did you qualify for an exemption due to circumstances or receive an exemption certificate from the marketplace?

Yes  
 No

Would you like to determine if you qualify for an exemption due to unaffordable premiums?

Yes  
 No

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\$840  
FEDERAL AMOUNT DUE  
N/A  
REFUND AMOUNT

**What you do next** depends on whether the taxpayer had a self-only offer of employer coverage, a family plan employer coverage offer, or (if he had neither of those) how much the least expensive Marketplace plan would have cost.

**When calculating the affordability of an employer plan, leave fields blank and click Continue.**

## Do you qualify for Health Care Exemptions?

**!** You only need to fill in these values if a household member was not eligible for employer-sponsored coverage for one or more months. These values will be used to compute your annualized required contribution from the Marketplace Coverage Affordability Worksheet.

To determine if you can claim the "Coverage is Considered Unaffordable" exemption if health insurance was not offered through an employer, enter the premium values captured from the healthcare.gov tax tool that is made available to you. The link at the bottom of this page will assist you in determining the needed premium amounts. Note: If you were eligible for employer-sponsored coverage, select continue below and enter the required information asked to further determine affordability.

Monthly Premium for the Lowest Cost Bronze Plan Premium (worksheet line 1)

\$|

Monthly Premium for the Second Lowest Cost Silver Plan Premium (worksheet line 10)

\$

[Click here](#) to obtain the LCBP and SLCSP premium amounts to enter above.

[Click here](#) to determine if you can claim a health coverage exemption.

BACK

CONTINUE

**Example:** Let's say the primary taxpayer had a self-only offer of coverage through his job. **You would then enter the monthly premium x 12 (i.e. the annual premium amount) for each month you would like to claim the affordability exemption.**

Enter the **ANNUALIZED** contribution amount this individual must pay for the first situation below that applies to the individual.

Enter the required **ANNUALIZED** contribution for **each month** that applies to this individual:

1. Lowest cost self-only policy offered to each member of your tax household by his/her employer (the monthly amount times 12).
2. Lowest cost family policy offered by your employer or your spouse's employer (the monthly amount times 12).
3. Amount from the Marketplace Coverage Affordability Worksheet. (\$0)

**GREGORY SMITH**

January  
\$ 600

February  
\$ 600

March  
\$ 600

Enter the annual premium amount for every month the person is eligible for the exemption.

**Example:** Let's say the secondary taxpayer did not have a self-only employer offer but was offered coverage through a family plan via the spouse's job. **We have to calculate affordability on this amount.** We would then enter the annual premium amount for each month you would like to claim the affordability exemption.

Enter the **ANNUALIZED** contribution amount this individual must pay for the first situation below that applies to the individual.

Enter the required **ANNUALIZED** contribution for **each month** that applies to this individual:

1. Lowest cost self-only policy offered to each member of your tax household by his/her employer (the monthly amount times 12).
2. Lowest cost family policy offered by your employer or your spouse's employer (the monthly amount times 12).
3. Amount from the Marketplace Coverage Affordability Worksheet. (\$0)

**ALICE SMITH**

January  
\$ 4200

February  
\$ 4200

March

Enter the annual premium amount for every month the person is eligible for the exemption.

The next screen will then say whether the taxpayers qualify for the affordability exemption.

**Example:** if the taxpayer was neither eligible for employer coverage via a self-only or family plan, we will **calculate affordability using a Marketplace plan**.

When you get to this screen in TaxSlayer, for this scenario you would click on the link at the bottom to be taken to the Healthcare.gov tax tool page.

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## Do you qualify for Health Care Exemptions?

**!** You only need to fill in these values if a household member was not eligible for employer-sponsored coverage for one or more months. These values will be used to compute your annualized required contribution from the Marketplace Coverage Affordability Worksheet.

To determine if you can claim the "Coverage is Considered Unaffordable" exemption if health insurance was not offered through an employer, enter the premium values captured from the healthcare.gov tax tool that is made available to you. The link at the bottom of this page will assist you in determining the needed premium amounts. Note: If you were eligible for employer-sponsored coverage, select continue below and enter the required information asked to further determine affordability.

Monthly Premium for the Lowest Cost Bronze Plan Premium (worksheet line 1)

Monthly Premium for the Second Lowest Cost Silver Plan Premium (worksheet line 10)

[Click here](#) to obtain the LCBP and SLCSPP premium amounts to enter above.

**\$1,535**  
FEDERAL AMOUNT DUE

N/A  
REFUND AMOUNT

For those wanting to apply for the Marketplace affordability exemption: you will be taken to Healthcare.gov. Click Get Started under the option for claiming the affordability exemption.

HealthCare.gov

ESPAÑOL Log in

## Health coverage tax tool

**Figure out your premium tax credit**

Get your "second lowest cost Silver plan" (SLCSP) amount. You'll use it to fill out IRS form 8962, Premium Tax Credit.

**Get started**

**Claim an affordability exemption**

Get your "lowest cost Bronze plan" and "second lowest cost Silver plan" (SLCSP). You'll use them to fill out IRS Form 8965, Health Coverage Exemptions.

**Get started**

[Learn more about health insurance and taxes.](#)

The Marketplace will ask you a series of basic demographic questions. First, select the tax year and state of residence.

It will then ask you how many people are in the tax household and then some other basic questions about each member of the household.

The next two questions are basically asking the months for which you want to calculate the affordability exemption. You would select the months for which the taxpayer had coverage or was eligible for coverage through work, etc. (So those would be any months in the year the taxpayer cannot be eligible for the affordability exemption using the Marketplace premiums.)

**If the taxpayer did not have insurance and was not eligible for coverage through an employer or other source at any point in the year, you would leave all months unchecked.**

Select the months Greg was eligible for coverage outside the Marketplace like Medicare, Medicaid, or the Children's Health Insurance Program (CHIP) in 2018, except for individual market coverage.

Any months for which you indicated that Greg was eligible for employer coverage or qualified for another exemption are disabled. Greg is either not eligible for or does not need a Marketplace coverage affordability exemption for these months.

Select all Clear all

Jan  Feb  Mar  Apr  
 May  Jun  Jul  Aug  
 Sep  Oct  Nov  Dec

Select the months Greg was eligible for coverage outside the Marketplace like Medicare, Medicaid, or the Children's Health Insurance Program (CHIP) in 2018, except for individual market coverage.

Any months for which you indicated that Greg was eligible for employer coverage or qualified for another exemption are disabled. Greg is either not eligible for or does not need a Marketplace coverage affordability exemption for these months.

Select all Clear all

Jan  Feb  Mar  Apr  
 May  Jun  Jul  Aug  
 Sep  Oct  Nov  Dec

The tool will ask you to confirm some details, and then it will display the two premium amounts you will need to enter in TaxSlayer.

**Be careful!** The Marketplace tool displays the monthly lowest cost bronze plan (LCBP) premium and monthly second lowest cost silver plan (SLCSP) premium in the opposite order as TaxSlayer. **It's important to enter them in the correct fields to accurately calculate the exemption!**

Now that you have the monthly premium amounts, you will on the next screen enter the annual premium amount (which is calculated by TaxSlayer and displayed for you) for each month you would like to be considered for the affordability exemption.

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## Affordability Worksheet - AUSTIN DRAKE

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Enter the **ANNUALIZED** contribution amount this individual must pay for the first situation below that applies to the individual.

Enter the required **ANNUALIZED** contribution for **each month** that applies to this individual:

1. Lowest cost self-only policy offered to each member of your tax household by his/her employer (the monthly amount times 12).
2. Lowest cost family policy offered by your employer or your spouse's employer (the monthly amount times 12).
3. Amount from the Marketplace Coverage Affordability Worksheet. (\$1296)

AUSTIN DRAKE

January

\$|

**\$1,535**  
FEDERAL AMOUNT DUE

N/A  
REFUND AMOUNT

**Example:** If the taxpayer was only without coverage for November and December, you will only enter that amount for November and December.

The last screen will indicate whether the taxpayer is eligible for the affordability exemption.