

## Understanding the Affordable Care Act and Forms 1095-A, 1095-B and 1095-C

The Affordable Care Act (ACA), also known as Obamacare, was signed into law in March 2010. Designed to extend health coverage to millions of uninsured Americans, it:

- expanded Medicaid eligibility if states chose to do so;
- created a Health Insurance Marketplace for health insurance enrollment (called the Marketplace or healthcare.gov although some states operate their own);
- prevented insurance companies from denying coverage due to pre-existing conditions;
- required plans to cover a list of essential health benefits; and
- required U.S. citizens to have at least Minimum Essential Coverage (MEC) health insurance or pay a so-called “individual shared responsibility payment”. (This payment was reduced to \$0 beginning in tax year 2019.)

One key component of the ACA is that lower-income families qualify for subsidies to help pay for health insurance coverage purchased through the Marketplace. These co-called **premium tax credits** are based on annual income estimates for the year and are paid in advance during the year.

Because they are based on estimates, premium tax credits must be “reconciled”, or assessed against the taxpayer’s actual reported income on the tax return. See [About APTCs & Reconciliation](#).

### IRS Tax Forms and the ACA

In order for taxpayers to reconcile premium tax credits and/or prove MEC health coverage on their tax returns as required by the ACA, the IRS introduced 3 new tax forms in 2014: **Form 1095-A, 1095-B, and 1095-C**.

**Note:** Beginning with tax year 2019, **Forms 1095-B or 1095-C** are not part of the tax return and are not entered in TaxSlayer.

#### **Form 1095-A**

Issued by insurance companies participating in health coverage Marketplaces (whether federal or state). This form includes:

- Your name and the name(s) of all household members covered;
- The amount of coverage you have;
- Any premium tax credits you were entitled to; and
- If you used them to pay for your health insurance and the amount you paid for coverage

**Form 1095-A** is used to complete the income tax return of any taxpayer with Marketplace health insurance coverage.

**Form 1095-B**

Issued by employers with fewer than 50 full-time employees that offer health coverage, as well as by health care insurance providers. This form includes:

- The type of coverage you have
- Any dependents covered
- The period of the coverage

This form can be used to verify that the taxpayer and dependents had at least Minimum Essential Coverage (MEC). If there was a break in healthcare coverage for the tax year, the taxpayer may have to pay an individual shared responsibility payment.

**Form 1095-C**

Issued by larger companies with 50 or more full-time or full-time equivalent employees. This form provides information of the coverage a taxpayer's employer offered and whether or not the taxpayer chose to participate.