

### **TAX PENALTIES AND YOUR OPTIONS**

**The rules and tax penalties of the Massachusetts Health Care Reform Act can be confusing to residents. Health Law Advocates created this Fact Sheet on to better assist consumers.**

#### **WHAT IS THE INDIVIDUAL MANDATE?**

The Massachusetts Health Care Reform Law requires most residents age 18 or older to have health insurance if there is an affordable plan available. This is called the Individual Mandate and it is the law in Massachusetts. You may face tax penalties if you had four or more consecutive months without health insurance in 2008.

Because of this law, the Commonwealth Health Insurance Connector Authority (the “Connector”) connects eligible Massachusetts adults with health insurance plans. The Connector also helps some low income consumers pay for insurance plans. [www.mahealthconnector.org](http://www.mahealthconnector.org) 1-877-623-6765 (1-877-MA-ENROLL)

#### **CAN I GET EXCUSED FROM THE INDIVIDUAL MANDATE?**

Yes, there are three ways to get excused from the Individual Mandate. If you are excused from the Individual Mandate then you will not be penalized for not having health care insurance. Here’s how you can be excused from the Individual Mandate:

- Your household income is no more than 150% of the Federal Poverty Level, e.g., \$15,612 for individual in 2008.
- You file a Certificate of Exemption with the Connector and prove that there is no affordable health insurance coverage available to you.
- You apply for a Hardship Appeal or religious exemption by completing 2008 Schedule HC with your tax return.

More information is provided below.

#### **WHO DETERMINES WHAT INSURANCE IS AFFORDABLE?**

The Connector created an Affordability Schedule. It shows the percentage of your Adjusted Gross Income that the Connector says you can afford to pay each month for insurance. For more information, please use the Affordability Tool at [www.mahealthconnector.org](http://www.mahealthconnector.org) or call the Connector’s Customer Service at 1-877-MA-ENROLL.

If a health insurance plan is deemed affordable to you, you must enroll. Tax penalties accumulate monthly and can be as high as \$912 if you had no insurance for all of 2008.

#### **WHAT IF THE AFFORDABILITY SCHEDULE SAYS I CAN AFFORD INSURANCE, BUT I CANNOT PAY FOR IT?**

Even if the Affordability Schedule says you can afford insurance, you have two ways to prove that you cannot afford insurance:

1. Certificate of Exemption:

If the Affordability Schedule says that you can afford health insurance but you know you cannot pay for it, you may apply for a Certificate of Exemption. If the Connector approves your Certificate of Exemption, you will not be penalized on your 2008 taxes. Before applying for a Certificate of Exemption, you must:

- have experienced a financial hardship (see below);
- get an insurance premium quote from the Connector;
- apply to the Connector before December 1, 2008.

Contact the Connector's Pubic Information Unit at 617-933-3140 with any questions.

2. Hardship Appeal:

If you had a financial hardship, you should apply for a Hardship Appeal. You must complete "2008 Schedule HC: Health Care Information" on your Massachusetts tax return. Using this form, you can apply for a Hardship Appeal when you file your taxes.

On the last page of 2008 Schedule HC, you must fill in the oval that says, "I wish to appeal the tax penalty. I authorize DOR to share my tax return including this schedule with the Commonwealth Health Insurance Connector Authority for purposes of deciding my appeal." Do not attach any documents for your Hardship Appeal to your tax return.

You will receive a follow-up letter from the Connector, which will ask you to state your grounds for appeal in writing. You will send any supporting documentation to the Connector. Failure to respond to the Connector form on time will dismiss your appeal.

If your Appeal is allowed, you will not have to pay a penalty. If your Appeal is denied, you will be charged a penalty. You will not have to pay a penalty while your Hardship Appeal is pending. Contact the Connector's Pubic Information Unit at 617-933-3140 with any questions.

If you do not get health care insurance, you run the risk of building up high medical costs if you become sick or have a serious accident.

If you are uninsured, please visit [www.MAhealthconnector.org](http://www.MAhealthconnector.org) for more details or to sign up for insurance.

You may also contact Health Care For All at 800-272-4232 [www.hcfama.org](http://www.hcfama.org) or Health Law Advocates 617-338-5241 [www.healthlawadvocates.org](http://www.healthlawadvocates.org) for more information.

**HLA's Health Care Reform, Tax Penalties, and Consumer Options**

For comments or edits, please call 617-338-5241. Feel free to email your questions to [zolson@hla-inc.org](mailto:zolson@hla-inc.org) or [sainsbury\\_wong@hla-inc.org](mailto:sainsbury_wong@hla-inc.org)

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