

ACA CALCULATOR INSTRUCTIONS
(rev. 12/3/2018, to match Jeff's version 4.36, 12/14/2018)

These instructions were written to help preparers in Westchester County, New York, a state that expanded Medicaid to 138%. Check the date heading above to see if it matches the version of the calculator you're using online; small changes to the calculator won't always be changed here....

A **Further information** button on entering Part II Household and Gross affordability exemptions into TS will appear should the calculations produce that situation. For the most recent version of this document, you may have to clear the cache in your browser.

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About persons who could be claimed as dependents but aren't:

Essentially, do not list this person as a Dependent in this calculator, and do not include his/her income in the family's income.

See the bottom of page H-7 in the 2018 VRG (4012) for information on unclaimed dependents:

You *do* have to account for the person in TS if any exemption would apply to them if determined independently of other household members (esp. if they're below the filing threshold for dependent, or less than 138% in a non-expansion state, or coverage more than 8.05%). Add him/her to the return in the ACA section ("Add New Household Member"). Then assign an exemption in one of these two ways for the entire year:

Code A: No external calculation is necessary, because this potential dependent would not be eligible for PTC and would always have to pay the full cost of the cheapest Bronze plan – unaffordable with this small income.

Code G: if they person lived in a non-expansion state at any time in the year, you could claim this exemption because his income would be under 138%. **See bottom of H-18.3 for a workaround so that form 8965 will show an allowable exemption for the unclaimed dependent.**

Additional note relating to the software in the 2017 tax season: A Dependent who has no tax burden but is filing for other reasons (e.g., get back withholding), still has to confront healthcare screens. I was told by TaxSlayer people last January to answer "Yes" to the question "Did you have insurance?" and carry on through the remainder of the section, giving the number of months 12. They say it satisfies the software requirements, and I'm guessing it leaves reporting the accurate healthcare situation to the return of the person who's claiming this dependent.

The Basics

Scenario 1: Single, no dependents, AGI \$19,000, uninsured all year, no employer offer. [No Code A.]

On the left enter name, year, status, no. of dependents, whether the TP and/or SP is 65 or older.

On the right, choose the area of the US and whether the state expanded Medicaid. This sets a cookie so it will continue to come up with those settings until you change them manually.

The figures and percentages in the bottom right corner change according to what you entered on the left, and they match the FPL amounts on tab H-30 in pub 4012 (VRG).

Basic Filing Information:

Taxpayer's Name:

Tax Year:

Filing Status: ☐ TP 65 or older in 2018 (B: < 1/2/1954)
☐ SP 65 or older in 2018 (B: < 1/2/1954)

Number of dependents:

☒ 48 states ☐ Alaska ☐ Hawaii
 State expanded Medicaid? ☒ Yes ☐ No

Filing Threshold: 12000
 100% Fed Poverty Line: 12060
 138% Fed Poverty Line: 16643
 400% Fed Poverty Line: 48240

Note that in simple cases you don't have to go much further than this screen. For example, if you already know the TP's income is more than \$48,240, he will not get PTC and will have to pay the full cost of the Lowest-Cost Bronze Plan (LCBP). To match the LCBP against AGI to see if it is over 8.05% household income is a simple calculation, but the calculator can do it for you. You can leave it up on a separate tab to show it to the QR person and then print it out for the TP's envelope.

The next section takes income into account for 2 separate reasons: Affordability (possible exemption) and PTC (how much subsidy they'd be eligible for). In some cases you'll only need the Affordability calculation.

Enter all the amounts from the 1040 as requested on the screen for each person. Note that in this case the Depend columns are all grayed out because the TP doesn't have any, but follow the instructions above the columns for any Depends who file to get a refund or make estimated payments.

Household Income Information:

Enter amounts from tax returns only for those dependents who must file other than to obtain a refund of with estimated payments.

Amount	Location	TP & SP	Depend 1	Depend 2	Depend 3	Depend 4
AGI	Form 1040 line 7	19000				
Tax-exempt interest	Form 1040 line 8b					
Social Security Income	Form 1040 line 5a					
Taxable Social Security	Form 1040 line 5b					
Foreign Income	Form 2555 line 45 & 50					
Form 1040 cap gain/loss	Form 1040 line S1-13					
Adjustments to income	Form 1040 line S1-36					
Main Home Sale exclusion	Sched D & Forms 8949					
Schedule D gains	Sched D & Forms 8949					
Business expenses/losses	Sched C, lines 28 + 30					

Gross income test data not needed. AGI already exceeds filing threshold.

Note (at the large bracket) that the calculator already tells you that this person cannot get a Part II Line 7 exemption for Household or Gross income.

Note also that any foreign income (form 2555) is out of scope for AARP tax preparers, so hopefully those people would be turned away from the site at the door and not face you at the end of the return in the middle of the ACA component.

In the bottom half of the box, you see that the calculator has used the \$19,000 AGI for both the affordability test and the calculation of PTC. It has ruled out both Part II exemptions (Household and Gross income). That's because we had not entered any Soc. Sec. income (which would be used in the calculation for PTC). On the right is the chance to enter the MAGI of any Depend(s) with a filing obligation. It's grayed out now because you've told the calculator there aren't any Depends, but in cases where there are some, you'd need to have their return(s) to do that. Might be a real problem if you've gotten this far and realized that you need that information.

	Total	Comments
Household Income (for Form 8965) (MAGI)	19000	Used for affordability test
Gross Income	N/A	Used for affordability test
Household Income (for Form 8962) (MAGI)	19000	Used for PTC/APTC calc
Click to test		

Clicking to test causes this to happen:

Household Income (MAGI)	(for Form 8962)	19000	Used for PTC/APTC calc (157% of FPL)
<div>Click to test</div> <p>Was any family member: a) offered employer coverage, <u>or</u> b) already insured, <u>or</u> c) eligible for government insurance?</p> <p>- If Yes, CONTINUE to the next test</p> <p>- If No, STOP! Household Income (including untaxed Social Security) is less than 249% of FPL. The family cost will be less than 8.05% of household income affordability threshold. The affordability exemption will not apply.</p>			

The calculator gives you the 157% FPL, from which you can expect that this TP would be getting PTC. The question below the Click to test button (in bold: **“Was any family member...”**) is important, because it guides you to the next procedure.

In this case there’s no employer offer and no other family members, so “No,” we’d be STOPPING here because of a nifty calculation that’s done for you so you don’t need to do it yourself: for incomes between the Medicaid cut-off percentage and 249%, there’d be enough PTC – in any state nationwide – that would make coverage affordable. You won’t be able to use either of the two Affordability exemptions: not the Part II ones (for reasons explained above), nor the Part III Code A exemption (because the plan would have been cheap enough for this TP, according to their rules).

Scenario 2: same, but raise the AGI to \$35,000. [With PTC, affordable. Again no Code A.]

Clear the calculator, enter the larger AGI \$35000, and click to test. The two Part II exemptions, Household and Gross, are again knocked out, and the FPL is now 290%. Now the instruction under the green button tells you to “GO TO THE NEXT TEST.”

		Total	Comments
Household Income (MAGI)	(for Form 8965)	35000	Used for affordability test
Gross Income		N/A	Used for affordability test
Household Income (MAGI)	(for Form 8962)	35000	Used for PTC/APTC calc (290% of FPL)
<div>Click to test</div> <p>GO TO NEXT TEST... No special conditions apply.</p>			

That’s because you have to let the calculator figure out whether in the TP’s state of residence, with its particular policies and stipulations, there’d be enough PTC to make the coverage “affordable.”

Skip the next box, **Affordability Income**, for now, as no one in this family took an employer plan.

The next box after that has a long list of instructions (next page), most of which will not be used for this simple scenario.

At the top, there are buttons to toggle back and forth between Monthly or Annualized plan costs. Jeff prefers Monthly (because it matches the 1095-Cs and plan finder quotes), I like Annualized amounts (because it matches the instructions for the Wkt on tab H-17 of the 4012, and I’m used to it).

In all situations, though, start entering information that applies to the first month of the year, in this case January 2018. Family size and coverage might change during the year and the calculator has ways to deal with that, but those protocols are not needed for this simple scenario.

Affordability Worksheet: (Tests for Code A or Code G for Form 8965 part III)

 Use ☒ Monthly or ☐ Annualized amounts

- Above line 1 in the table below, select:
 - "NO" for those that have no other exemption, have no coverage, and are not eligible for government-sponsored coverage (Medicare, Medicaid, CHIP, etc).
 - "EXM" for any person that is covered by another exemption.
 - "MEC" if they already have insurance for the months being tested.
 - If by employer, see employer offers below
 - If by government-sponsored (Medicare, Medicaid, CHIP, etc), use GOV.
 - "GOV" for anyone eligible for government insurance regardless of whether they have taken that coverage to exclude them from the Silver plan list. (The actual cost of GOV coverage is never used so do not enter it anywhere.)
 - If also eligible for employer coverage, see employer offers below
- Employer offers:
 - Enter the lowest cost employer offered insurance for self-only (line 1) and family (line 2), if there is one, that apply to each person. Use "0" if there is no charge for it.
Include the cost of a stand-alone policy offered for a family member when that member is not eligible for the family offer, e.g. dependent child over age 26.
 - Check the small box to the right if the employer insurance was taken (even if it had "0" cost).
 - If employer coverage premiums include a partial month of coverage, you must use the Annualized Premium Worksheet [Click to open](#)
 - If more than one family plan is entered, the lowest will be used for those needing an exemption. If a person is not eligible for that family plan, place an "X" in their family plan box. If that person is eligible for the higher cost family plan only, manually enter the higher cost amount. You will need to do this each time you run the test.
- Click on the "Click to test" button. Family plan amounts will carry across to all eligible family members for whom you have not manually entered a different amount.
- A **"?"** in the "Click to test" row means you need to complete the Marketplace Coverage Affordability Worksheet.
- If there is no employer offer to enter, proceed to the Marketplace Coverage Affordability Worksheet to calculate the amount that will be used for line 3.
- After completing the LCBP and SLCSP quotes, click the "Click to test" button to carry the result to line 3 and to fill corresponding month boxes. Do not include GOV costs (CHIP, Medicaid, Medicare, etc) in any calculation.

If the taxpayer's situation changes during the year,

- Check the box to the left of the month to indicate the months' calculations that you want to keep.
- Update NO, EXM, MEC or GOV above line 1, and all line 1 and 2 data for the new situation (not salary reduction premiums entered above) and
- Update the quotes in the Marketplace Coverage Affordability Worksheet and then,
- Re-click "Click to test". Unchecked months will be modified based on the taxpayer's new situation.
- Repeat these steps until all months' circumstances have been determined.

To facilitate input into TaxSlayer, click to use the annualized amounts option immediately above these instructions and print out the results for the reviewer and for the taxpayer's records.

Transfer the results to the TaxSlayer Health Insurance section and verify that Form 8965 Part III has the proper exceptions.

- Any resulting exemptions that are not needed can be ignored.
- For Code A, choose TaxSlayer option "Coverage is unaffordable".
- For Code G, choose TaxSlayer option "Aggregate self-only coverage considered unaffordable".

The target of the instructions above is this area:

Affordability threshold = 234.79	
Exempt by another code, MEC or GOV?	Taxpayer <input type="text" value="NO"/>
1. Lowest cost self-only policy offered by employer	<input type="text"/> <input type="checkbox"/>
2. Lowest cost family policy offered by employer	<input type="text"/> <input type="checkbox"/>
3. Amount from Marketplace Coverage Affordability Worksheet line 12	<input type="text"/>
Click to test Use exemption code:	

Note the Affordability threshold (at the top left) is calculated for you at \$234.79/month, which means any coverage has to cost more than that to be "unaffordable" and get the person a Code A exemption.

The first bullet in the instructions above (at the red bracket) tells you how to label the column for each family member. "NO" is self-explanatory. Use "MEC" as for all coverage except governmental, and "GOV" for anyone enrolled in or eligible for a governmental plan (like Medicare, CHIP, etc.).

You're now going to go down through the Options (1, 2, 3.) above, stopping at the first one that applies to each person. In this scenario, there are no self-only or family offers from an employer, so the only possibility of an exemption would come through Marketplace affordability, Option 3. That box is grayed out, though, because you don't enter anything here.

3. Amount from Marketplace Coverage
Affordability Worksheet line 12

Click to test Use exemption code: ?

To get Bronze and Silver plan costs, use:
<https://www.healthcare.gov/tax-tool/> or your state exchange:

Change Enter and save your state exchange URL
or, as a last resort, <http://www.healthpocket.com>

Leaving Options 1. and 2. blank, click to test.

Up comes a pink question mark indicating that you need to scroll down below and make use of the **Marketplace Coverage Affordability Wkt.**

There are links at the top right for common plan finders, but you can add your own state exchange, which we're supposed to use if one exists. Click the green **Change** button and add the URL.

In both Lines 1 and 10, the calculator will tell you exactly which people in the tax family to use for the plan costs you'll be entering. See below under both of these lines where it says "for TP"; in other scenarios, it might say "for TP, SP, Depend 1"). (Parenthetically, the latest understanding of the law in 2017 was that if a family member has private, non-Mkt insurance, they're included in both Lines 1 and 10 of the Wkt below, but I don't see that written anywhere in 2018, so I'm no longer sure.)

1. Monthly lowest cost Bronze plan for TP:	416	Lowest Bronze plan premium amount using 2017's age for TP.
2. Household income:	35000	Household income without untaxed Social Security
3. Nontaxable Social Security:	0	Includes nontaxed Social Security for all tax family members
4. Add lines 2 + 3:	35000	Household income with untaxed Social Security
5. Fed Poverty Line:	12060	
6. Divide line 4 by line 5:	2.90	
7. Multiply line 6 by 100 and look up: 290.	0.0927	Value is from col 2 of the Form 8962 Instructions for line 7.
8. Multiply line 4 by line 7:	3244.50	TP's annual contribution amount before PTC
9. Divide line 8 by 12:	270.38	TP's monthly contribution amount before PTC
10. Monthly second lowest cost Silver plan for TP:	535	Second lowest Silver plan premium amount using 2017's age for TP.
11. Subtract line 9 from line 10:	264.62	Maximum PTC amount allowed (but limited by the Bronze plan cost)
12. Subtract line 11 from line 1:	151.38	Cost to the taxpayer after PTC is applied
13. Return to the Affordability Worksheet above and click the "Click to test" button. (go there)		

If your state has its own Exchange, you are supposed to get Line 1 LCBP and Line 10 SLCSP amounts from that site, otherwise use the suggested links above or your own favorite. I've entered amounts from NYStateofHealth for an "INDIVIDUAL" (NYS doesn't care about age or tobacco use. I've actually compiled a list of the common LCBP and SLCSP amounts for NYS returns in my local counties to avoid duplicative plan finder look-ups.)

Scroll back up and **Click to test** under the 3. Option again, or use the **(go there)** button to do this automatically. The calculator does its thing and applies the \$151.38 on a month-by-month basis.

Below the annualized amount at the bottom (\$1816.56) is the percentage of household income: 5.19%. Being under the 8.05% household threshold, this TP would surely have been able to get an "affordable" plan. The affordability exemption cannot be claimed: see where the calculator tells you "None".

Note: Line 10 is only for the calculation of PTC. It will be grayed out if the calculator has already assessed the person is not eligible for it.

Our group decided it's best to put the calculator on a separate tab or window. That way, you can leave it open for QR, and if everyone agrees your input is correct, you can print it out at that point for the TP's envelope.

Click to test	Use exemption code:	None
<input type="checkbox"/>	January	151.38
<input type="checkbox"/>	February	151.38
<input type="checkbox"/>	March	151.38
<input type="checkbox"/>	April	151.38
<input type="checkbox"/>	May	151.38
<input type="checkbox"/>	June	151.38
<input type="checkbox"/>	July	151.38
<input type="checkbox"/>	August	151.38
<input type="checkbox"/>	September	151.38
<input type="checkbox"/>	October	151.38
<input type="checkbox"/>	November	151.38
<input type="checkbox"/>	December	151.38
ANNUALIZED COST FOR PERIOD:		1816.56
PERCENT OF HOUSEHOLD INCOME:		5.19%

Scenario 3: as before, but raise the AGI to \$45,000. [Must test to determine. Code A allowed.]

After clicking to test with an AGI of \$45,000 AGI, you get an FPL of 373% and the instruction to GO TO THE NEXT TEXT as before. Down further, you'll see the affordability threshold calculates at \$301.88/month. You're expecting some PTC because he's under 400%, but it's getting close to the threshold.

Household Income (for Form 8965) (MAGI)	45000	Used for affordability test
Gross Income	N/A	Used for affordability test
Household Income (for Form 8962) (MAGI)	45000	Used for PTC/APTC calc (373% of FPL)
Click to test GO TO NEXT TEST... No special conditions apply.		

Click to test below Option 3 and up comes the pink question mark.

Affordability threshold = 3658.50	
Exempt by another code, MEC or GOV?	Taxpayer NO
1. Lowest cost self-only policy offered by employer	<input type="checkbox"/>
2. Lowest cost family policy offered by employer	<input type="checkbox"/>
3. Amount from Marketplace Coverage Affordability Worksheet	
Click to test	Use exemption code: ?

Scroll down to enter the plan costs in Lines 1 and 10. I used \$416 again, but an *imaginary* \$465 SLCSP for the purpose of this illustration. (I think if it's under 400%FPL, all states are supposed to offer an "affordable" plan.) Click to test again.

Click to test	Use exemption code:	Code A
<input type="checkbox"/> January	A: 309.50	
<input type="checkbox"/> February	A: 309.50	
<input type="checkbox"/> March	A: 309.50	
<input type="checkbox"/> April	A: 309.50	
<input type="checkbox"/> May	A: 309.50	
<input type="checkbox"/> June	A: 309.50	

Because I've forced Line 10 with an imaginary amount, the calculator accounts for PTC and comes up with \$309.50 (annualized \$3714). It's more than the affordability threshold \$301.88. The calculator applies that \$309.50 to each month and assigns Code A at the top of the column. All this unaffordability is now colored **green**.

Note the "A:" in the box next to the dollar amount. That's to differentiate this Mkt cost from an employer plan cost, which might come up in other scenarios.

Scenario 4: as before, but raise the AGI to \$55,000. [Earns too much, no Code A.]

What might happens if the income is more than 400%, when no PTC would be allowed. Entering \$55,000 gives an FPL of 457%. Clicking to test (under Option 3) brings up the pink question mark. This time, however, when you scroll down to enter amounts in to Lines 1 and 10, you see a new yellow **note**.

With this high an income, the TP can't get PTC, so he'd be assessed at the full cost of the Bronze plan. Line 10 is grayed out because the calculator does not want to allow for PTC.

1. Monthly lowest cost Bronze plan for TP:	416	Lowest Bronze plan premium amount using 2017's age for TP.
NOTE! Household income is more than 400% of Fed Poverty Line. The TP does not qualify for the PTC and would pay the full cost of the Bronze plan.		
2. Household income:	55000	Household income without untaxed Social Security
3. Nontaxable Social Security:	0	Includes nontaxed Social Security for all tax family members
4. Add lines 2 + 3:	55000	Household income with untaxed Social Security
5. Fed Poverty Line:	12060	
6. Divide line 4 by line 5:	4.57	
7. Multiply line 6 by 100 and look up:		Value is from col 2 of the Form 8962 Instructions for line 7.
8. Multiply line 4 by line 7:		TP's annual contribution amount before PTC
9. Divide line 8 by 12:		TP's monthly contribution amount before PTC
10. Monthly second lowest cost Silver plan		Second lowest Silver plan premium amount using 2017's age .

With no PTC allowed, the TP affordability is assessed against the cheapest Bronze plan. \$416 x 12 = \$4992, above the affordability threshold at 9.08%. Code A would be allowed.

You could have gotten this result manually by seeing that \$55,000 in a one-person family is above 400% on the FPL tables on tab H-30, meaning that you don't need to account for PTC. Just find the annualized amount for the cheapest Bronze plan and see if it's more than the "affordable" threshold for that salary ($\$55,000 \times 8.05\% = \4427.50). The calculator is good documentation for the file, though.

Scenario 5: MFS and PTC; AGI \$30,000

Under normal circumstances, you can't get PTC if you're filing MFS. The software prevents you from entering an amount on line 10 (grayed out) – where that calculation would take place for other filing statuses – and a yellow **note** explanation appears just after Line 1:

Marketplace Coverage Affordability Worksheet		To get Bronze and Silver plan costs, use: https://www.healthcare.gov/tax-tool/ or your state exchange: Change https://nystateofhealth.ny.gov/individual/ or, as a last resort, http://www.healthpocket.com
1. Monthly lowest cost Bronze plan for TP:	<input type="text"/>	Lowest Bronze plan premium amount using 2017's age for TP.
NOTE! If filing MFS, the TP does not qualify for the PTC and would pay the full cost of the Bronze plan BUT check here <input type="checkbox"/> if the abuse/abandonment exception applies and enter the Silver plan cost.		
2. Household income:	30000	<i>Household income without untaxed Social Security</i>
3. Nontaxable Social Security:	0	<i>Includes nontaxed Social Security for all tax family members</i>
4. Add lines 2 + 3:	30000	<i>Household income with untaxed Social Security</i>
5. Fed Poverty Line:	12060	
6. Divide line 4 by line 5:	2.48	
7. Multiply line 6 by 100 and look up: .		<i>Value is from col 2 of the Form 8962 Instructions for line 7.</i>
8. Multiply line 4 by line 7:		<i>TP's annual contribution amount before PTC</i>
9. Divide line 8 by 12:		<i>TP's monthly contribution amount before PTC</i>
10. Monthly second lowest cost Silver plan	<input type="text"/>	Second lowest Silver plan premium amount using 2017's age .

If, however, you need to take the abuse/abandonment exception, you can click the small box in the note and the Line 10 restriction will be removed, permitting a calculation for PTC once you enter the SLCSP.

1. Monthly lowest cost Bronze plan for TP:	<input type="text"/>	Lowest Bronze plan premium amount using 2017's age for TP.
NOTE! If filing MFS, the TP does not qualify for the PTC and would pay the full cost of the Bronze plan BUT check here <input checked="" type="checkbox"/> if the abuse/abandonment exception applies and enter the Silver plan cost.		
2. Household income:	30000	<i>Household income without untaxed Social Security</i>
3. Nontaxable Social Security:	0	<i>Includes nontaxed Social Security for all tax family members</i>
4. Add lines 2 + 3:	30000	<i>Household income with untaxed Social Security</i>
5. Fed Poverty Line:	12060	
6. Divide line 4 by line 5:	2.48	
7. Multiply line 6 by 100 and look up: 248.	0.0803	<i>Value is from col 2 of the Form 8962 Instructions for line 7.</i>
8. Multiply line 4 by line 7:	2409.00	<i>TP's annual contribution amount before PTC</i>
9. Divide line 8 by 12:	200.75	<i>TP's monthly contribution amount before PTC</i>
10. Monthly second lowest cost Silver plan for TP:	<input type="text"/>	Second lowest Silver plan premium amount using 2017's age for TP.

MORE COMPLICATED SCENARIOS

USING OPTION 3: MEDICAID-ELIGIBLE TPs

Single TP, \$15,000 AGI, uninsured all year [Likely Code A exemption]

I selected a Medicaid-eligible person with a filing obligation in an expansion state, where clicking to test gives 124% FPL. Ineligible for Part II affordability exemptions, this message appears:

Click to test
GO TO NEXT TEST... No special conditions apply.

Go down below to the Wkt and under Taxpayer enter:
"GOV" (not "NO") because he was eligible for Medicaid in NYS.
Expect no PTC: he'd have had to have paid the full cost of the LCBP.
Click to test and you get the pink question mark (not shown).

Down below in Line 1, enter \$416; Line 10 is grayed out (he could have gotten Medicaid). The software tells you as much:

NOTE! Household income is less than 138% of Fed Poverty Line.
The TP does not qualify for the PTC and would pay the full cost of the Bronze plan.

Clicking (go there), the software awards Code A to each month:
\$4992 annualized, "unaffordable" against the \$1207.50 (8.05%) threshold.

Click to test	Use exemption code:	Code A
<input type="checkbox"/> January	A: 4404.00	
<input type="checkbox"/> February	A: 4404.00	
<input type="checkbox"/> March	A: 4404.00	
<input type="checkbox"/> April	A: 4404.00	
<input type="checkbox"/> May	A: 4404.00	
<input type="checkbox"/> June	A: 4404.00	
<input type="checkbox"/> July	A: 4404.00	
<input type="checkbox"/> August	A: 4404.00	
<input type="checkbox"/> September	A: 4404.00	
<input type="checkbox"/> October	A: 4404.00	
<input type="checkbox"/> November	A: 4404.00	
<input type="checkbox"/> December	A: 4404.00	
ANNUALIZED COST FOR PERIOD:		4404.00
PERCENT OF HOUSEHOLD INCOME:		29.36%

In a non-expansion state, a different outcome:

\$15,000 (124% FPL) is way above the 100% Medicaid threshold, so the software gives this message:

cotaxaide.org says

if the family qualifies for code G in any month, it applies for the entire year for all family members who need an exemption.

OK

And after clicking OK, these instructions:

STOP! Household Income (including untaxed Social Security) is less than 138% of FPL and is from a state that did not expand Medicaid. Use exception code G (Resident of a state that did not expand Medicaid) in Form 8965 part III for each person not covered.

USING OPTION 1: LOSES EMPLOYER COVERAGE MID-YEAR

Single TP, AGI \$25,000, salary deduction \$1200, lost the job and coverage at the end of June

Start the calculator with the information that best describes his situation in Jan. 2017: AGI \$25,000, insurance through the employer. Clicking to test gives 207% FPL.

Household Income (MAGI) (for Form 8965)	25000	Used for affordability test	For use in Tax 1095A reconcil
Gross Income	N/A	Used for affordability test	
Household Income (MAGI) (for Form 8962)	25000	Used for PTC/APTC calc (207% of FPL)	
Click to test			
Was any family member: a) offered employer coverage, or b) already insured, or c) eligible for government insurance?			
- If Yes, CONTINUE to the next test			
- If No, STOP! Household Income (including untaxed Social Security) is less than 249% of FPL. The family cost will be less than 8.05% of household income affordability threshold. The affordability exemption will not apply.			

Answer the question in **bold** about employer coverage: YES, it was offered, and in fact he took it in Jan., so continue. Enter the premiums paid through a salary reduction. Note this is not necessarily the “DD” amount on the W-2, because the amount in that box might include employer contributions. You have to probe for the correct amount to enter here. Let’s say \$1200.

Affordability Income:	
Total premiums paid through salary reduction and excluded from income	1200
Adjusted Annual Income = 26200.00 Affordability threshold at 8.05% = 2109.10	
NOTE: This amount is compared with insurance premium costs to determine affordability in the next worksheet.	

The software calculates and adjusts the AGI upwards to include the amount you’ve entered into that box – now \$26,200 instead of \$25,000.

Scroll down and enter “MEC” at the top of his column: he had employer coverage. We’re to presume that all employer coverage is, in fact, MEC.

Now we go through the three Options differently.

We’re forced to use Option 1 because that’s the first option that applies in this situation. There’s no picking and choosing in this game. Let’s say his self-only plan cost him \$160/mo., annualized at \$1920. Enter that amount and also check the little box to the right because this offer was taken. (Note: Jeff remembers something subtle about that little box and is looking into the code again, but for now, keep checking it even though MEC is MEC.)

Clicking to test gives MEC for every month down below, which is fine, but it’s only part of the solution, for the first half of the year.

Exempt by another code, MEC or GOV?		Taxpayer
1. Lowest cost self-only policy offered by employer		MEC
2. Lowest cost family policy offered by employer		1920
3. Amount from Marketplace Coverage Affordability Worksheet line 12		
Click to test Use exemption code:		None
<input type="checkbox"/> January		MEC
<input type="checkbox"/> February		MEC
<input type="checkbox"/> March		MEC
<input type="checkbox"/> April		MEC
<input type="checkbox"/> May		MEC
<input type="checkbox"/> June		MEC
<input type="checkbox"/> July		MEC
<input type="checkbox"/> August		MEC
<input type="checkbox"/> September		MEC
<input type="checkbox"/> October		MEC
<input type="checkbox"/> November		MEC
<input type="checkbox"/> December		MEC
ANNUALIZED COST FOR PERIOD:		N/A
PERCENT OF HOUSEHOLD INCOME:		N/A

Now you have to make changes to what you have for the 2nd part of the year when he didn’t have coverage. You want to clear the “MEC” out of July–Dec. and recalculate.

First, click in the boxes to the left of each month you want to retain, Jan.–June. Up above in the Options section, uncheck the small box to the right of the \$1920, remove the \$1920, and change the “MEC” heading to “NO.” That clears July–Dec.

(Do not remove the salary reduction amount, as it’s an annual amount and remains.)

Click to test, and up comes the pink question mark:

Exempt by another code, MEC or GOV?		Taxpayer
1. Lowest cost self-only policy offered by employer		NO
2. Lowest cost family policy offered by employer		
3. Amount from Marketplace Coverage Affordability Worksheet line 12		
Click to test Use exemption code:		
<input checked="" type="checkbox"/> January		MEC
<input checked="" type="checkbox"/> February		MEC
<input checked="" type="checkbox"/> March		MEC
<input checked="" type="checkbox"/> April		MEC
<input checked="" type="checkbox"/> May		MEC
<input checked="" type="checkbox"/> June		MEC
<input type="checkbox"/> July		

Exempt by another code, MEC or GOV?		Taxpayer
1. Lowest cost self-only policy offered by employer		NO
2. Lowest cost family policy offered by employer		
3. Amount from Marketplace Coverage Affordability Worksheet line 12		
Click to test Use exemption code:		?

Down below in the Worksheet, you can enter Line 1 and 10 amounts (I used \$416 and \$535).

Clicking “go there” tells you he would have gotten so much PTC for that second half of the year that he could have afforded the premium. No Code A for those months.

The resource materials say you can always try to see if there’s a hardship exemption that might apply instead of affordability.

3. Amount from Marketplace Coverage		219.48
Affordability Worksheet line 12		
Click to test	Use exemption code:	None
<input checked="" type="checkbox"/> January		MEC
<input checked="" type="checkbox"/> February		MEC
<input checked="" type="checkbox"/> March		MEC
<input checked="" type="checkbox"/> April		MEC
<input checked="" type="checkbox"/> May		MEC
<input checked="" type="checkbox"/> June		MEC
<input type="checkbox"/> July		219.48
<input type="checkbox"/> August		219.48
<input type="checkbox"/> September		219.48
<input type="checkbox"/> October		219.48
<input type="checkbox"/> November		219.48
<input type="checkbox"/> December		219.48
ANNUALIZED COST FOR PERIOD:		219.48
PERCENT OF HOUSEHOLD INCOME:		0.84%

USING OPTION 1: VARIATIONS IN COVERAGE THROUGHOUT THE YEAR

The 2016 NTTC materials gave a complicated example I’ll try to illustrate through this calculator.

Their scenario and explanation: Single TP, uninsured all year.

Total AGI \$15,200 (\$2000 for Jan., \$8200 unemployment Feb.–Oct., and \$5000 for new job Nov.–Dec. with no employer offer). Rejected the self-offer of the first job, \$95/month (annualized \$1140).

Enter \$15,200 AGI; clicking to test gives 126% FPL. Put “NO,” then the annualized employer offer \$1140 (or use the monthly amount) in Option 1. Do not check the small box, because he didn’t take the offer.

Note: Enter zero if offered for free.

Clicking to test puts that employer \$1140 into every month.

At 7.5% income, it was affordable, and you’re stuck with it: you can’t just go try out Option 2 or 3. You must use the first possible Option, the self-only offer, for this part of the year. No Code A: it’s not green.

.....

Now you have to account for the next part of the year, when he lost his job and didn’t bother to get insurance. (There’s a 60-day Special Enrollment Period when you lose your job. Applying to the Mkt will get you a plan or Medicaid, depending on how they evaluate you. NYS has “in-between” plans as well.)

Put a check in the box next to Jan., to keep that \$1140 amount. Scroll up and put “GOV” in his box (eligible for Medicaid in an expansion state) and remove the \$1140 (or the zero) offer in Option 1. Clicking to test gives the pink question mark, which means scroll down to the Mkt wkt.

Affordability threshold = 1223.60	
Exempt by another code, MEC or GOV?	Taxpayer NO
1. Lowest cost self-only policy offered by employer	1140 <input type="checkbox"/>
2. Lowest cost family policy offered by employer	<input type="checkbox"/>
3. Amount from Marketplace Coverage	
Affordability Worksheet line 12	
Click to test	Use exemption code: None
<input type="checkbox"/> January	1140.00
<input type="checkbox"/> February	1140.00
<input type="checkbox"/> March	1140.00
<input type="checkbox"/> April	1140.00

Exempt by another code, MEC or GOV?	Taxpayer GOV
1. Lowest cost self-only policy offered by employer	<input type="checkbox"/>
2. Lowest cost family policy offered by employer	<input type="checkbox"/>
3. Amount from Marketplace Coverage	
Affordability Worksheet line 12	
Click to test	Use exemption code: ?

As you'd expect, at 126% FPL he couldn't have gotten PTC and affordability is now based on the full cost of the lowest-cost Bronze plan, which would most likely be unaffordable. The message says:

NOTE! No one in the household qualifies for the PTC; all would pay the full cost of the Bronze plan.

The software permits a Line 1 entry (I've used \$416), but grays out Line 10: you can't calculate PTC if eligible for Medicaid. Clicking to test gives \$4404, much higher than the \$1240 threshold. Code A awarded.

3. Amount from Marketplace Coverage		4992
Affordability Worksheet line 12		
Click to test	Use exemption code:	Code A
<input checked="" type="checkbox"/> January		1140.00
<input type="checkbox"/> February		A: 4992.
<input type="checkbox"/> March		A: 4992.
<input type="checkbox"/> April		A: 4992.

But you're still not finished, since he got a new job in Nov.–Dec. He would have been obligated to report his new job to Medicaid, who might have re-evaluated his situation and made him ineligible. Assume for this exercise that's what happened, he lost his eligibility, didn't have an employer offer, and was uninsured for those months.

You have two choices for those two months: either Code B short-gap (which means you might want the printout to keep those last two blank), or let the calculator continue to do its thing and see what happens (you'll get an amount in those boxes). The printout doesn't matter for filing, but it will help document the what happened at the end of 2018 — that will be important if he remains uninsured into 2019. The NTTC slides tell you to assign a short-gap exemption, and that's the easiest solution (but see below). So we should have blanks in those two months, not plan amounts.

To remove the amounts in Nov.–Dec., repeat the process. Put more checks into the boxes for Feb.–Oct., change the heading from "GOV" to "NO." Those steps clear Nov.–Dec. Once it's QR'd, you can print out as is, annotating the hard copy for the TP's envelope something like this:

<input checked="" type="checkbox"/> August	A: 4992.
<input checked="" type="checkbox"/> September	A: 4992.
<input checked="" type="checkbox"/> October	A: 4992.
<input type="checkbox"/> November	
<input type="checkbox"/> December	

for Jan., "employer offer"
for Feb.–Oct. "eligible for Medicaid"
for Nov.–Dec. "Code B"

The second choice for those two last months would be a test for Code A affordability. To illustrate this with a real example, there would have to be a 3-month gap instead of just 2, but it would work the same way for any size gap.

Let's say he got the job a month earlier, with no Medicaid or employer insurance for the last three months of the year, Oct.–Dec.

Redo some early steps to get the \$4992 and Code A into Feb.–Sept., leaving Oct.–Dec. blank. Change the heading from "GOV" to "NO," and click to test. The pink question mark means to go down to the Wkt and enter Line 1 amount (\$416). The software does not permit a Line 10 entry, so he would have had to pay the full Bronze plan for Oct.–Dec. That would have been unaffordable: Code A. After QR, print, but annotate thus:

for Jan., "employer offer"
for Feb.–Sept. "eligible for Medicaid"
for Oct.–Dec. "Code A"

Exempt by another code, MEC or GOV?		NO
1. Lowest cost self-only policy offered by employer		
2. Lowest cost family policy offered by employer		
3. Amount from Marketplace Coverage		4992
Affordability Worksheet line 12		
Click to test	Use exemption code:	Code A
<input checked="" type="checkbox"/> January		1140.00
<input checked="" type="checkbox"/> February		A: 4992.
<input checked="" type="checkbox"/> March		A: 4992.
<input checked="" type="checkbox"/> April		A: 4992.
<input checked="" type="checkbox"/> May		A: 4992.
<input checked="" type="checkbox"/> June		A: 4992.
<input checked="" type="checkbox"/> July		A: 4992.
<input checked="" type="checkbox"/> August		A: 4992.
<input checked="" type="checkbox"/> September		A: 4992.
<input type="checkbox"/> October		A: 4992.
<input type="checkbox"/> November		A: 4992.
<input type="checkbox"/> December		A: 4992.
ANNUALIZED COST FOR PERIOD:		4992.00
PERCENT OF HOUSEHOLD INCOME:		32.84%

Saying this..... I don't know what the Mkt or Medicaid would have done with him in Nov.–Dec. had he gone there. He didn't make much money this year, but was actually working those two months. On the other hand, the employer did not offer insurance until Jan. 2019. I would have thought it safer to use the short gap in this scenario, and perhaps call the Mkt for advice if the gap were longer, but Jeff thinks Code A is a better choice than short-gap because something may happen in the first months of 2018 preventing him from getting the insurance he expected in a timely fashion and short-gap would be available to him if he didn't use it at the end of the previous year.

PS: the NTTCC slides say you could tell him about finding a “hardship” exemption for January. Telling him of course is not the same as doing it for him.

PPS: If doing part-year calculations and you lose the “Code A” wording that had been there in an earlier segment of the year to the right of the **Click to test** button, just re-enter the Line 1/10 amounts and click to test again. Code A will reappear.

An unusual case: BECOMING MEDICAID-INELIGIBLE DURING THE YEAR IN AN EXPANDED STATE

TP starts year Medicaid-eligible, but gets a job mid-year that disqualifies him from that point on. Now he's eligible for PTC.

Process the start of the year as before, let's say AGI = \$15,000 (124% FPL). Heading is “GOV”; clicking to test gives pink question mark. Down below, you can enter the LCBP in Line 1, but Line 10 is grayed out because he's eligible for Medicaid (not shown). If this situation remained all year, he'd get Code A Jan.–Dec.

HOWEVER ... Once he's employed (let's say, in April) and no longer eligible for Medicaid, you need to be able to calculate for PTC April–Dec. First check the month boxes, Jan.–March, where you need to retain the Code A; change the heading to “NO” and click to test.

Now the Wkt at the bottom has a message with a box you can click that allows a Line 10 entry for SLCSP.

The TP got so much PTC March–Dec, that there was no way he could get an exemption for those 9 months of the year.

Marketplace Coverage Affordability Worksheet	
<input checked="" type="checkbox"/> Check this box if this is a test for a portion of the year when the Taxpayer earns enough to be ineligible for Medicaid (1387/mo) thus eligible for PTC.	
1. Monthly lowest cost Bronze plan for TP:	416
2. Household income:	15000
3. Nontaxable Social Security:	0
4. Add lines 2 + 3:	15000
5. Fed Poverty Line:	12060
6. Divide line 4 by line 5:	1.24
7. Multiply line 6 by 100 and look up: 124.	0.0201
8. Multiply line 4 by line 7:	301.50
9. Divide line 8 by 12:	25.13
10. Monthly second lowest cost Silver plan for TP:	535

Taxpayer	
Exempt by another code, MEC or GOV?	NO
1. Lowest cost self-only policy offered by employer	<input type="checkbox"/>
2. Lowest cost family policy offered by employer	<input type="checkbox"/>
3. Amount from Marketplace Coverage Affordability Worksheet line 12	0
Click to test	Use exemption code: Code A
<input checked="" type="checkbox"/> January	A: 4992.
<input checked="" type="checkbox"/> February	A: 4992.
<input checked="" type="checkbox"/> March	A: 4992.
<input type="checkbox"/> April	0
<input type="checkbox"/> May	0
<input type="checkbox"/> June	0
<input type="checkbox"/> July	0
<input type="checkbox"/> August	0
<input type="checkbox"/> September	0
<input type="checkbox"/> October	0
<input type="checkbox"/> November	0
<input type="checkbox"/> December	0
ANNUALIZED COST FOR PERIOD:	N/A
PERCENT OF HOUSEHOLD INCOME:	N/A

USING OPTION 1: CODE G (separate self-only offers for TP and SP)

MFJ, \$45,000 AGI, uninsured all year because they thought it would cost too much.

You can do this manually, but this is what it looks like on the calculator, and you can print it out.

Enter “NO” in boxes or both TP and SP. In Option 1 boxes, put \$2160 (annualized) for TP and \$3000 for SP.

Click to test shows each would have been affordable (at 4.8% and 6.67%) but added together, unaffordable. Code G awarded.

Related to this example is:

USING OPTIONS 1 and 2: MULTIPLE EMPLOYER OFFERS with a Dependent, resulting in Code G down further.

Affordability threshold = 3672.00			
	Taxpayer	Spouse	
Exempt by another code, MEC or GOV?	NO	NO	
1. Lowest cost self-only policy offered by employer	2160	3000	
2. Lowest cost family policy offered by employer			
3. Amount from Marketplace Coverage			
Affordability Worksheet line 12			
Click to test	Use exemption code:	Code G	Code G
<input type="checkbox"/> January	2160.00	3000.00	
<input type="checkbox"/> February	2160.00	3000.00	
<input type="checkbox"/> March	2160.00	3000.00	
<input type="checkbox"/> April	2160.00	3000.00	
<input type="checkbox"/> May	2160.00	3000.00	
<input type="checkbox"/> June	2160.00	3000.00	
<input type="checkbox"/> July	2160.00	3000.00	
<input type="checkbox"/> August	2160.00	3000.00	
<input type="checkbox"/> September	2160.00	3000.00	
<input type="checkbox"/> October	2160.00	3000.00	
<input type="checkbox"/> November	2160.00	3000.00	
<input type="checkbox"/> December	2160.00	3000.00	
ANNUALIZED COST FOR PERIOD:	2160.00	3000.00	
PERCENT OF HOUSEHOLD INCOME:	4.80%	6.67%	

USING OPTIONS 1 and 2: ONE PERSON'S SELF-ONLY and FAMILY OFFER NOT TAKEN

MFJ, \$60,000, with Dependent child, no coverage (they thought too expensive)

With these stats, this family of three is at 293% FPL. There were no employer offers for the SP, but the TP got two: a self-only (\$2160) and a family one (\$4200). These were both turned down, so all three of them get “NO” at the top of their columns.

Note: The way the law works, it doesn't matter that the Depend is eligible for CHIP. *Since the family offer was out there — which they didn't take — it's “NO” for the child Depend as well, not “GOV.”

Enter the \$2160 and \$4200 offers into Option 1 and 2 for the TP. Don't put any amounts into the SP or Depend columns as neither of those actually received an employer offer: only the TP got the offer (though his family offer included them all).

Click to test gives the TP his self-only offer Jan.–Dec. and spreads the \$4200 to all months for the SP and Depend. All the plans were affordable, so none of them can get Code A.

** I found documentation in one of the webinar slides on how to treat a Depend child when there is no family offer: “INCLUDE an individual that is also eligible for other coverage, e.g. Medicare or CHIP. It doesn't matter that a member of the family is eligible for other coverage, such as government-sponsored insurance (e.g. CHIP). (The family offer must include the employee, by the way.)”*

If the SP had her own offers, you would put them into her column. See the second bullet in the instructions for how the calculator handles employer offers for both TP and SP.

Affordability threshold = 4896.00				
	Taxpayer	Spouse	Depend 1	
Exempt by another code, MEC or GOV?	NO	NO	NO	
1. Lowest cost self-only policy offered by employer	2160			
2. Lowest cost family policy offered by employer	4200	4200	4200	
3. Amount from Marketplace Coverage				
Affordability Worksheet line 12				
Click to test	Use exemption code:	None	None	None
<input type="checkbox"/> January	2160.00	4200.00	4200.00	
<input type="checkbox"/> February	2160.00	4200.00	4200.00	
<input type="checkbox"/> March	2160.00	4200.00	4200.00	
<input type="checkbox"/> April	2160.00	4200.00	4200.00	
<input type="checkbox"/> May	2160.00	4200.00	4200.00	
<input type="checkbox"/> June	2160.00	4200.00	4200.00	
<input type="checkbox"/> July	2160.00	4200.00	4200.00	
<input type="checkbox"/> August	2160.00	4200.00	4200.00	
<input type="checkbox"/> September	2160.00	4200.00	4200.00	
<input type="checkbox"/> October	2160.00	4200.00	4200.00	
<input type="checkbox"/> November	2160.00	4200.00	4200.00	
<input type="checkbox"/> December	2160.00	4200.00	4200.00	
ANNUALIZED COST FOR PERIOD:	2160.00	4200.00	4200.00	
PERCENT OF HOUSEHOLD INCOME:	3.60%	7.00%	7.00%	

USING OPTION 2: ONLY SOME FAMILY MEMBERS ARE COVERED BY THE OFFER

Head of Household, AGI \$65,000; TP and Dependent son covered by family plan, but a Dependent nephew not covered.

In the case where some people are insured by the employer family plan but other family members are not, you don't have to know the exact cost of the premium. In fact, the law just says determine whether they have MEC or not, no need for proof. Here's the work-around in the calculator.

In this scenario, the TP's employer plan covers him and his son, so their columns are "MEC." The nephew is "GOV," since he'd be eligible for CHIP.

In Option 2, where you don't know the cost of the premium, put "1" (a dollar) in the TP column, click the small box to the right (the plan was "taken"), and put an "X" into the Depend 2 column at Option 2. Clicking to test carries the \$1 over to Depend 1's column (he's in the plan), but not to Depend 2's. He gets the pink question mark. (By the way, the \$1 gets converted to 1.00 or 12.00 depending on whether you've checked off monthly or annualized up above.)

	Taxpayer	Spouse	Depend 1	Depend 2
Exempt by another code, MEC or GOV?	MEC		MEC	GOV
1. Lowest cost self-only policy offered by employer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Lowest cost family policy offered by employer	1.00 <input checked="" type="checkbox"/>	<input type="checkbox"/>	1.00	X
3. Amount from Marketplace Coverage Affordability Worksheet line 12				
Click to test	Use exemption code: None	None	None	?

Jeff explains: "If they took [the employer offer], the actual cost doesn't matter unless both TP and SP had an offer, then we use the cheapest one. Putting \$1 in does indicate that there was an offer at some cost and it would have surely been affordable, so no PTC ... If the TP/SP don't know the cost of their offers, that's about all we can do. \$1 makes it affordable, so no PTC."

Scroll down and enter an LCBP cost for an Individual in Line 1 "for D2," as he's the only family member who does not have employer coverage or another exemption (below left). Line 10 is grayed out because no PTC for him, he's eligible for CHIP. Clicking to test denies Code A because the TP's income is deemed high enough to absorb the full LCBP (at 6.78% household income). The TP gets a hefty penalty for his intransigence (and PS, it could have been pretty cheap.

1. Monthly lowest cost Bronze plan for D2:	416
NOTE! No one in the household qualifies	
2. Household income:	65000
3. Nontaxable Social Security:	0
4. Add lines 2 + 3:	65000
5. Fed Poverty Line:	20420
6. Divide line 4 by line 5:	3.18
7. Multiply line 6 by 100 and look up:	
8. Multiply line 4 by line 7:	
9. Divide line 8 by 12:	
10. Monthly second lowest cost Silver plan	

<input type="checkbox"/> January	MEC		MEC	4992.00
<input type="checkbox"/> February	MEC		MEC	4992.00
<input type="checkbox"/> March	MEC		MEC	4992.00
<input type="checkbox"/> April	MEC		MEC	4992.00
<input type="checkbox"/> May	MEC		MEC	4992.00
<input type="checkbox"/> June	MEC		MEC	4992.00
<input type="checkbox"/> July	MEC		MEC	4992.00
<input type="checkbox"/> August	MEC		MEC	4992.00
<input type="checkbox"/> September	MEC		MEC	4992.00
<input type="checkbox"/> October	MEC		MEC	4992.00
<input type="checkbox"/> November	MEC		MEC	4992.00
<input type="checkbox"/> December	MEC		MEC	4992.00
ANNUALIZED COST FOR PERIOD:	N/A		N/A	4992.00
PERCENT OF HOUSEHOLD INCOME:	N/A		N/A	7.68%

	Taxpayer	Spouse	Depend 1	Depend 2	Depend 3
Exempt by another code, MEC or GOV?	MEC		MEC	GOV	EXM
1. Lowest cost self-only policy offered by employer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Lowest cost family policy offered by employer	1 <input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	X	X

.....

If there had been a third Depend (D1 in the employer plan, D2 GOV-eligible, D3 exempt), the Depend columns would be "MEC," "GOV," and "EXM." Again put \$1 into TP's Option 2, check the small box, and put an "X" into both D2 and D3, as neither is in the family plan.

2. Lowest cost family policy offered by employer	1.00	<input checked="" type="checkbox"/>		1.00	X	X
3. Amount from Marketplace Coverage Affordability Worksheet line 12						
Click to test	Use exemption code:	None	None	?	Use EXM	

<input type="checkbox"/> October	MEC		MEC	4992.00	EXM
<input type="checkbox"/> November	MEC		MEC	4992.00	EXM
<input type="checkbox"/> December	MEC		MEC	4992.00	EXM
ANNUALIZED COST FOR PERIOD:		N/A	N/A	4992.00	N/A
PERCENT OF HOUSEHOLD INCOME:		N/A	N/A	7.68%	N/A

Clicking to test spreads the \$1 to D1, gives D2 a pink question mark, and says “Use EXM” for D3 (indicating you’d use an ECN in TS, or an exemption from its drop-down list).

For Depend 2, scroll down to the Wkt and enter a Line 1 amount (\$416), as per the instructions (“for D2”). He’s the only one who is not exempt and not covered by an employer plan. Line 10 is grayed out as before, as he’s CHIP-eligible.

Turns out the \$4492 (\$416 x 12) is affordable against the threshold \$5232.50: no Code A.

Taxpayer	Spouse	Depend 1	Depend 2	Depend 3
MEC		MEC	GOV	MEC
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.00		1.00	X	X
None	None	?	None	None

.....

If the “EXM” Depend 3 had instead been covered by a private, non-Mkt plan, he’d have gotten “MEC” and an X.

Clicking to test gives a pink question mark for Depend 2 as before.

1. Monthly lowest cost Bronze plan for D2, D3:	
--	--

1. Monthly lowest cost Bronze plan for D2, D3:	734
2. Household income:	65000
3. Nontaxable Social Security:	0
4. Add lines 2 + 3:	65000
5. Fed Poverty Line:	24300
6. Divide line 4 by line 5:	2.67
7. Multiply line 6 by 100 and look up: 267.	0.0871
8. Multiply line 4 by line 7:	5661.50
9. Divide line 8 by 12:	471.79
10. Monthly second lowest cost Silver plan for D3:	479

But this time, the Line 1 instructions in the Mkt Wkt ask for an LCBP amount *for both D2 and D3*, because *neither* of these Depends are exempt or covered by an employer plan.

In our NYS county, you’d multiply the LCBP Individual plan (\$416) by 2 = \$832.

Line 10 is now *not* grayed out because the current understanding of the law is that included here are any family members who were either self-insured (i.e., had a private, non-Mkt plan) or whose only option would have been a Mkt plan. CHIP-eligible D2 is thus excluded. D3 had a private plan and is the only family member included in the Line 10 amount (\$535).

Clicking to test gives Depend 2 a Code A for the full year.

<input type="checkbox"/> January	MEC		MEC	A: 9095.	MEC
<input type="checkbox"/> February	MEC		MEC	A: 9095.	MEC
<input type="checkbox"/> March	MEC		MEC	A: 9095.	MEC
<input type="checkbox"/> April	MEC		MEC	A: 9095.	MEC
<input type="checkbox"/> May	MEC		MEC	A: 9095.	MEC
<input type="checkbox"/> June	MEC		MEC	A: 9095.	MEC
<input type="checkbox"/> July	MEC		MEC	A: 9095.	MEC
<input type="checkbox"/> August	MEC		MEC	A: 9095.	MEC
<input type="checkbox"/> September	MEC		MEC	A: 9095.	MEC
<input type="checkbox"/> October	MEC		MEC	A: 9095.	MEC
<input type="checkbox"/> November	MEC		MEC	A: 9095.	MEC
<input type="checkbox"/> December	MEC		MEC	A: 9095.	MEC
ANNUALIZED COST FOR PERIOD:		N/A	N/A	9095.52	N/A
PERCENT OF HOUSEHOLD INCOME:		N/A	N/A	13.99%	N/A

It’s been explained to me that the law seems to have been designed to protect low and low-moderate incomes from penalty; it does this by taking into account the number of people in the family that have to be cared for. Jeff clarifies thus: “What’s trying to be determined is if, had [the family member with a private plan had] purchased marketplace insurance, would they qualify for PTC. Buying a likely more expensive plan was their choice.”

USING OPTIONS 1 and 2: MULTIPLE EMPLOYER OFFERS with a Dependent, resulting in Code G

MFJ, 1 Depend, AGI \$52,000, two sets of family offers (both unaffordable), uninsured all year

Label all “NO” and enter all the offers (self – TP \$1800, SP \$3000; family – TP \$4500, SP \$4750 annualized), none of which were taken. Both family offers were unaffordable on their own (\$4500 was 8.65% FPL and \$4750 was 9.13%).

Using “NO” or “GOV” for Depend 1 gets the same result, as no PTC is being accounted for.

The software bases the calculation on the self-only plan for each of the spouses, aggregating those amounts ($3.46\% + 5.77\% = 9.23\%$) and assigning Code G to the entire family (including the dependent). It puts the lowest family offer into the Depend 1's column.

Remember:

- each self-only has to be less than the threshold,
- the combined cost is greater than the threshold,
- no family offer is affordable,
- there doesn't have to even be a family offer, if the combined self-only offers are unaffordable,
- can be claimed even if one person takes the self-only offer,
- the members do not have to be TP and SP (it could be any member whose employer offered at least a self-only plan.
- when Code G applies in any month, it applies for entire year for everyone,

	Taxpayer	Spouse	Depend 1
Exempt by another code, MEC or GOV?	NO	NO	NO
1. Lowest cost self-only policy offered by employer	1800	3000	
2. Lowest cost family policy offered by employer	4500	4750	4500.00
3. Amount from Marketplace Coverage			
Affordability Worksheet line 12			
Click to test Use exemption code:	Code G	Code G	Code G
<input type="checkbox"/> January	1800.00	3000.00	0.00
<input type="checkbox"/> February	1800.00	3000.00	0.00
<input type="checkbox"/> March	1800.00	3000.00	0.00
<input type="checkbox"/> April	1800.00	3000.00	0.00
<input type="checkbox"/> May	1800.00	3000.00	0.00
<input type="checkbox"/> June	1800.00	3000.00	0.00
<input type="checkbox"/> July	1800.00	3000.00	0.00
<input type="checkbox"/> August	1800.00	3000.00	0.00
<input type="checkbox"/> September	1800.00	3000.00	0.00
<input type="checkbox"/> October	1800.00	3000.00	0.00
<input type="checkbox"/> November	1800.00	3000.00	0.00
<input type="checkbox"/> December	1800.00	3000.00	0.00
ANNUALIZED COST FOR PERIOD:	1800.00	3000.00	4500.00
PERCENT OF HOUSEHOLD INCOME:	3.46%	5.77%	8.65%

USING OPTIONS 1 and 2: ONE FAMILY OFFER, ONE DEPENDENT NOT INCLUDED

MFJ, AGI \$52,000, Depend 1 (child), Depend 2 (wife's adult sister), none insured; TP's self-only offer: \$1800 annualized, TP's family offer (for TP, SP, child): \$4890

Put “NO” into all four column headings (it doesn't matter that the Depend was eligible for CHIP, the family offer was out there). Then put the two offers into the TP's column and “X” into Depend 2 at Option 2 because the offer did not include the wife's sister. (Jeff confirmed the X refers to not being included in the family plan offer.)

Note that Option 3 is grayed out: Options 1 and 2 were the first options to apply to the TP, SP and Depend 1. The “X” in Depend 2's column also grays out the Option 3 box, preventing a premature affordability calculation for that person. Depend 2 was not included in the family offer, so Option 3 is still available for that person.

Clicking to test gives the “affordable” self-only offer to the TP in every month (\$1800) and Code A to the SP and Depend 1 – it's 9.40% (not shown), more than 8.05% household income. Depend 2 comes up with the pink question mark because, not having been included in the family offer, her affordability has to be calculated down below in the Mkt Wkt.

	Taxpayer	Spouse	Depend 1	Depend 2
Exempt by another code, MEC or GOV?	NO	NO	NO	NO
1. Lowest cost self-only policy offered by employer	1800			
2. Lowest cost family policy offered by employer	4890	4890	4890	X
3. Amount from Marketplace Coverage				
Affordability Worksheet line 12				
Click to test Use exemption code:	None	Code A	Code A	?
<input type="checkbox"/> January	1800.00	A: 4890.0	A: 4890.0	
<input type="checkbox"/> February	1800.00	A: 4890.0	A: 4890.0	
<input type="checkbox"/> March	1800.00	A: 4890.0	A: 4890.0	
<input type="checkbox"/> April	1800.00	A: 4890.0	A: 4890.0	
<input type="checkbox"/> May	1800.00	A: 4890.0	A: 4890.0	
<input type="checkbox"/> June	1800.00	A: 4890.0	A: 4890.0	

With \$416 and \$535 into Lines 1 and 10 below, the TP could have gotten affordable insurance for Depend 2 in the Marketplace, so no Code A for her.

Click to test	Use exemption code:	None	Code A	Code A	None
<input type="checkbox"/> January		1800.00	A: 4890.	A: 4890.	2071.56
<input type="checkbox"/> February		1800.00	A: 4890.	A: 4890.	2071.56
<input type="checkbox"/> March		1800.00	A: 4890.	A: 4890.	2071.56
<input type="checkbox"/> April		1800.00	A: 4890.	A: 4890.	2071.56
<input type="checkbox"/> May		1800.00	A: 4890.	A: 4890.	2071.56
<input type="checkbox"/> June		1800.00	A: 4890.	A: 4890.	2071.56
<input type="checkbox"/> July		1800.00	A: 4890.	A: 4890.	2071.56
<input type="checkbox"/> August		1800.00	A: 4890.	A: 4890.	2071.56
<input type="checkbox"/> September		1800.00	A: 4890.	A: 4890.	2071.56
<input type="checkbox"/> October		1800.00	A: 4890.	A: 4890.	2071.56
<input type="checkbox"/> November		1800.00	A: 4890.	A: 4890.	2071.56
<input type="checkbox"/> December		1800.00	A: 4890.	A: 4890.	2071.56
ANNUALIZED COST FOR PERIOD:		1800.00	4890.00	4890.00	2071.56
PERCENT OF HOUSEHOLD INCOME:		3.46%	9.40%	9.40%	3.98%

USING OPTIONS 1 and 2: TWO FAMILY OFFERS, ONE DEPENDENT NOT INCLUDED IN EITHER

AGI again \$52,000, but the SP has her own self-only and family offers (\$1500 and \$4500). Both family offers cover the child.

This example illustrates what happens when both spouses have two offers, a self-only and a family offer each.

Put the self-only and family offers into the TP's and SP's columns, and the "X" once again under Depend 2 in Option 2 (he's not covered by the employer offer. Clicking to test does several things.

In the Option 2 line, the software applies the lower of the two family offers (\$4500) to everyone applicable in the SP's family offer.

It applies each of the self-only offers to the TP and SP month boxes respectively to test for their affordability (against the \$4186 threshold: both are affordable.

For Depend 1, it matches the SP's family offer of \$4500 (the cheaper of the two) against the threshold \$4186, assessing it not affordable and assigning Code A.

For Depend 2, the pink question mark means you still have work to do with the Mkt Wkt down below.

	Taxpayer	Spouse	Depend 1	Depend 2
Exempt by another code, MEC or GOV?	NO	NO	NO	NO
1. Lowest cost self-only policy offered by employer	1800	1500		
2. Lowest cost family policy offered by employer	4890	4500		X
3. Amount from Marketplace Coverage Affordability Worksheet line 12				
Click to test	Use exemption code:			

Affordability threshold = 4186.00				
	Taxpayer	Spouse	Depend 1	Depend 2
Exempt by another code, MEC or GOV?	NO	NO	NO	NO
1. Lowest cost self-only policy offered by employer	1800	1500		
2. Lowest cost family policy offered by employer	4890	4500	4500.00	X
3. Amount from Marketplace Coverage Affordability Worksheet line 12				
Click to test	Use exemption code:	None	None	Code A
<input type="checkbox"/> January	1800.00	1500.00	A: 4500.	
<input type="checkbox"/> February	1800.00	1500.00	A: 4500.	

After entering the same Line 1 and 10 amounts as before (\$416, \$535), Depend 2 doesn't get Code A here either. A Mkt plan would have cost \$2071.56, much less than the threshold \$4186.

I asked Jeff:

There are cases where the employer offers separate plans for various members of the employee's family. I'm not sure if we should place them in separate columns or add them together somehow. For ex., if the TP got a offer for himself and his wife and a separate offer for the Depend, would that separate Depend offer go into the Depend's column in Option 1, or would it get combined with the TP/SP family offer and the aggregate amount goes into the TP's Option 2 column (which gets spread over to the other columns when clicking to test)?

He answered:

The rule is to use the smallest number of policies that covers everyone and consolidate that as one figure. Putting them into separate columns won't work anyway because I take the lowest family plan cost if TP and SP are offered them and spread it across all other family members who are included in that family plan so any numbers in the D1-D5 columns will get overwritten and ignored.

Affordability threshold = 4186.00

	Taxpayer	Spouse	Depend 1	Depend 2
Exempt by another code, MEC or GOV?	NO	NO	NO	NO
1. Lowest cost self-only policy offered by employer	1800	1500		
2. Lowest cost family policy offered by employer	4890	4500	4500.00	X
3. Amount from Marketplace Coverage	2071.56	2071.56	2071.56	2071.56
Affordability Worksheet line 12				
Click to test Use exemption code:	None	None	Code A	None
<input type="checkbox"/> January	1800.00	1500.00	A: 4500.	2071.56
<input type="checkbox"/> February	1800.00	1500.00	A: 4500.	2071.56

An unusual case: EMPLOYER FAMILY OFFER(S) THAT EXCLUDE THE SPOUSE, and ONLY ONE SPOUSE HAS A SELF-ONLY OFFER

Same as before, but SP didn't get a self-only offer. Both family offers cover the child.

An additional software accommodation is needed when one spouse doesn't have a self-only offer. This situation is very rare, because if someone's offered a family plan, they're more than likely to have received a self-only offer as well.

	Taxpayer	Spouse	Depend 1	Depend 2	Depend 3	Depend 4
Exempt by another code, MEC or GOV?	NO	NO	NO	NO		
1. Lowest cost self-only policy offered by employer	1800					
2. Lowest cost family policy offered by employer	4890	4500	4500.00	X		
3. Amount from Marketplace Coverage						
Affordability Worksheet line 12						
Click to test Use exemption code:	None	Code A	Code A	?		

It appears there are two differently-costed family plan offers by employers.
 Is the Spouse included in the Taxpayer's family plan? ☐ Yes ☐ No
 Is the Taxpayer included in the Spouse's family plan? ☐ Yes ☐ No

Clicking to test brings up two questions that get over the hurdle of having to put an "X" and a \$ amount in the same box. The same two questions pop up if one or more of dependents actually has MEC already or has no insurance at all, and also in the incredibly rare situation that *neither* spouse has a self-only offer.

Clicking to test once more spreads the lowest family plan offer to the Depend 1 column, in this case \$4500. It might or might not be affordable, depending on the amounts. In this case Code A.

USING OPTION 1: PREMIUMS INCLUDE A PARTIAL MONTH OF COVERAGE

Single TP, AGI \$25,000, got a job Jan. 15th, with an offer of coverage for the last two weeks in Jan. for \$125 and \$250/month for the rest of the year. He didn't take it, too expensive.

In the middle of the instructions, there's a green button **Click to open** allowing you to handle a partial month premium.

It expands to:

o If the premiums include any partial month of coverage, you must adjust the amount for each month, using the Annualized Premium Worksheet **Click to close**

The total premium amount for the period (paid or not):

The number of full months covered in the period:

The amount to enter in line 1 or 2 below is: 0.00 (this will apply to all months in the period)

In the first blank space, enter $\$250 \times 11 \text{ mos.} = \2750 , plus \$125 for partial month = \$2875.

The total premium amount for the period (paid or not):

The number of full months covered in the period:

The amount to enter in line 1 or 2 below is: **261.36** (this will apply to all months in the period)

The software tells you the amount to add into the Option 1 slot below. If you toggle to Annualized amounts, that \$261.36 in the above screenshot will change to an annual amount. Either works.

Clicking to test gets Code A, which you could have arrived at manually ($\$2875 \div 25,000 = 12.55\%$ FPL), but it's nice to have this documentation.

Affordability threshold = 170.00

Exempt by another code, MEC or GOV? Taxpayer

1. Lowest cost self-only policy offered by employer ☐

2. Lowest cost family policy offered by employer ☐

3. Amount from Marketplace Coverage

Affordability Worksheet line 12

Click to test Use exemption **Code A**

code:

☐ January **A: 261.36**

☐ February **A: 261.36**

A: 261.36

ANNUALIZED COST FOR PERIOD: **3136.32**

PERCENT OF HOUSEHOLD INCOME: **12.55%**

TaxSlayer makes changes to the Healthcare section screens from time to time, especially in Dec. and Jan. The most recent NTTCC comments (Dec. 1, 2018) say you can bypass the screen for entering LCBP and SLCSP amounts (and thus, TS's affordability worksheets) when using this calculator. What counts are the plan costs for each month that you must enter on the following screen(s).

Do you qualify for Health Care Exemptions?

Use the Bogart calculator instead

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 not affordable" exemption if health insurance was not offered through the employer, you must enter the premium values captured from the healthcare.gov tax tool into the Bogart calculator. The link at the bottom of this page will assist you in determining the required premium amounts. Note: If you were eligible for employer-sponsored coverage, you must 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)

\$

When using the Bogart calculator, you do NOT need to enter the LCBP or the SLCSP into TaxSlayer. Instead, "Continue" past this screen and enter the required contributions into the Affordability Worksheet as shown below

We're incredibly indebted to Jeff for this. The ACA is one complicated tax law.

Julie Woodward, NY1