

Pennie Tax Information Talking Points:

IRS Information

- Customers who have a health insurance plan through Pennie and use advanced payments of the premium tax credit (APTC) to lower their monthly payment will have to "reconcile" when they file their federal taxes. This means, generally they will compare two figures:
 - The amount of premium tax credit the customer used in advance during the previous plan year; and
 - The amount of premium tax credit the customer actually qualified for based on the customer's final income for the year.
- Any difference between the two figures may affect the customer's refund or tax owed when the customer files their taxes.
- The IRS has developed helpful information on how the Affordable Care Act (ACA) may impact customers' federal tax returns. Customers can visit www.irs.gov/aca or <https://www.irs.gov/pub/newsroom/fs-2022-13.pdf> for an extensive list of questions and answers and other resources they may find useful. Customers can also call the IRS at 1-800-829-1040.

1095-A

- Customers who received financial assistance to help lower their monthly health coverage premiums through Pennie **must** file a federal tax return.
- If a customer purchased coverage through Pennie, the customer should have received Form 1095-A, *Health Insurance Marketplace Statement*, from Pennie. If this form shows APTC was paid on behalf of a taxpayer, or a member of their family, the customer is required to complete Form 8962, Premium Tax Credit (PTC), to reconcile those

advance credit payments. Form 1095-A provides information the customer will need when completing Form 8962.

- Form 8962 is available from the IRS at <https://www.irs.gov/affordable-care-act> or from their tax preparer.
- It is important to understand that the 1095-A will reflect a customer's enrollment information each year, and if there is an error, it may take time to coordinate with their health plan to ensure the enrollment history is correct.
 - Customers should contact Pennie as soon as possible to share what they think may be incorrect, as it may take up to 30 days to complete research and issue a correction.
- If customers are enrolled in coverage through Pennie but did not receive APTC, they may complete Form 8962 to determine if they are eligible to receive a premium tax credit.
 - The law allows customers to take the tax credit in advance or when they file their federal taxes—it's the customer's choice.
- If a customer received too much in APTC, the law limits the maximum amount a household is required to pay back for most people. The amount customers must pay back to the IRS is based on their final income— Generally, the lower the income, the lower the amount of the payback required. Customers should contact the IRS or a tax professional if they have questions on the amount of excess APTC they have to pay back.
- When customers complete Form 8962, they will find out if a maximum payback amount applies to them or if they are entitled to a larger tax credit than they received in advance. They will receive the full amount as part of their refund.
- The maximum payback amount helps to protect customers from incorrect estimates, changing circumstances, and human error. If a

customer finds that they owe money this year, Pennie can work with them to help avoid this happening again next year.

- This is why it is important for customers to update their Pennie account as soon as they experience a change in circumstance. This includes reporting any income or household changes that occur throughout the year.
- Specifically for 2021, the American Rescue Plan increased the amount of financial assistance available to qualified Pennie customers and because it was enacted and implemented mid-year, some customers saw increased premium savings beginning in June 2021. This allowed customers to receive more APTC throughout the rest of the year, maximizing the availability of the enhanced premium savings specifically created to provide financial relief in response to the economic and public health implications of the pandemic. Any excess APTC received due to the implementation of the American Rescue Plan, which may have happened, will be subject to the IRS' reconciliation process, as described in this document.
- Customers should receive the 1095-A form from Pennie by February of each year. More information on 1095-A form can be found at: [1095-A Form | Pennie](#)
- Pennie reports all tax credits to the IRS. Failure to file and reconcile is a very serious matter and may impact a customer's eligibility to receive tax credits in the following year.
- Pennie is not able to advise customers on their specific tax situation. Customers should contact their tax advisors for additional assistance.