

Tennessee Society of CPAs

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FOR IMMEDIATE RELEASE

Monday, July 11, 2016

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Time for a Mid-Year Health Coverage Checkup

Nearly 11.3 million people were enrolled in a 2016 Health Insurance Marketplace plan during the first eight weeks of the open enrollment period, according to the Department of Health and Human Services. If you're one of those people, or if you are reconsidering your health insurance coverage, now may be a good time to review your situation and see if any changes are necessary. The Tennessee Society of CPAs highlights issues to consider, and offers tips to use in your decision making.

Review the Premium Tax Credit

The premium tax credit is awarded to eligible individuals and families with low or moderate income so that they are better able to afford coverage bought through a Health Insurance Marketplace. If you're eligible for the credit, you can choose to have advance credit payments paid directly to your insurance company on your behalf to lower your out of pocket cost for your health insurance premiums or to get all of the benefit of the credit when you file your tax return for the year. However, there are a number of changes in your personal or financial circumstances that could have an impact on your eligibility for the credit or on the size of the payments you receive. They include increases or decreases in your income; a marriage or divorce; the birth or adoption of a child; moving; or qualifying for or losing other health care coverage. If these changes in circumstances qualify you for a higher credit, it's worthwhile knowing that as soon as possible. If the changes mean you should be receiving a lower credit, it's best to report that promptly so you don't end up owing money when it's time to file your taxes. Consult your CPA for advice if you need assistance understanding whether adjustments are necessary. And remember: You aren't eligible for the premium tax credit unless you file a tax return.

Plan Ahead to Change Enrollment

It's generally only possible to sign up for a plan in the Health Insurance Marketplace during the annual open enrollment period. The next open enrollment period will run from Nov. 1, 2016, through Jan. 31,

2017. If you would like to add or drop insurance, or adjust the coverage you have, the open enrollment period is the time to do it. (However, if you qualify for Medicaid or the Children's Health Insurance Program (CHIP), you can enroll in those programs at any time.) In addition, if you experience certain life events, such as getting married, having a baby, or losing other health coverage, you may qualify for a special enrollment period to change or add insurance through the marketplace. If you buy coverage through the Health Insurance Marketplace and you have qualifying changes in circumstances, the special enrollment period will run for 60 days after the life events (such as changes in family status or loss of other health care coverage) occur. If you are expecting a change in circumstances and you'd like to change your enrollment status, plan ahead to be sure you can qualify for and make the adjustments you need.

Avoid Penalties

If you don't have what's considered minimal essential health insurance coverage and you don't qualify for an exemption from coverage that's available under certain circumstances, you'll have to pay a penalty when you file your tax return. There are many benefits of having peace of mind about your health care coverage, and the assurance that you won't face stiff penalties for failure to have insurance is one of them.

Your CPA Can Help

If you have any questions about your health care coverage requirements and options, be sure to consult your local CPA. He or she can provide the advice you need regarding all your financial concerns.

About Money Management

Money Management is a column on personal finance that is a joint effort of the AICPA and the Tennessee Society of CPAs, as part of the profession's nationwide 360 Degrees of Financial Literacy program. Members of TSCPA are CPAs residing and practicing primarily in Tennessee in all areas of public accounting, education, government, business and industry. TSCPA offers a speakers bureau for many types of business and educational engagements. For details, visit www.tscpa.com. TSCPA is headquartered in Brentwood, Tenn.