

addition to essential health benefits, even if the state requires the additional benefits, the portion of the premium that is allocable to those additional benefits is disregarded in determining the premium assistance credit amount. Premium assistance credits may be used for any plan purchased through an exchange.

Apply for the premium assistance credit at: www.healthcare.gov.

Minimum Essential Coverage

The health care law generally requires individual plans to provide certain protections and benefits. These include:

- Free preventive care.
- Coverage of essential health benefits.
- Coverage of services for pre-existing health conditions.
- No lifetime or annual limits for coverage of essential health benefits.

Insurance companies offering individual plans have two choices: (1) the insurance company can make upgrades to your plan to provide these benefits, or (2) the insurance company may cancel your plan and decide to offer you other individual plans.

The insurer may stop offering the plan entirely if it meets all of the following requirements. It must:

- Provide you with at least 90 days notice in writing.
- Offer you the choice to buy any other individual plan it offers in that market.
- Treat all covered individuals the same, regardless of health status.
- Follow any additional state requirements.

The only time an insurer can cancel an individual plan without offering you the chance to buy a new plan is if the insurer chooses to end all health insurance in a state's individual market. If an insurer ends all coverage, it can't offer coverage in that state's individual market again for five years. It also must notify the state and all plan holders in writing at least 180 days before stopping coverage.

If you need a new plan, check out the Health Insurance Marketplace. See www.healthcare.gov for more information.

Contact Us

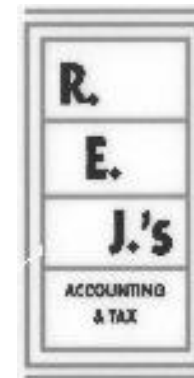
There are many events that occur during the year that can affect your tax situation. Preparation of your tax return involves summarizing transactions and events that occurred during the prior year. In most situations, treatment is firmly established at the time the transaction occurs. However, negative tax effects can be avoided by proper planning. Please contact us in advance if you have questions about the tax effects of a transaction or event, including the following:

- Pension or IRA distributions.
- Significant change in income or deductions.
- Job change.
- Marriage.
- Attainment of age 59½ or 70½.
- Sale or purchase of a business.
- Sale or purchase of a residence or other real estate.
- Retirement.
- Notice from IRS or other revenue department.
- Divorce or separation.
- Self-employment.
- Charitable contributions of property in excess of \$5,000.

This brochure contains general information for taxpayers and should not be relied upon as the only source of authority. Taxpayers should seek professional tax advice for more information.

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Health Care Reform Premium Assistance Credit



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**Health Care Reform
Premium
Assistance Credit**

Premium Assistance Credit

Health Care Reform created a refundable premium assistance credit for eligible individuals and families to subsidize the purchase of health insurance through an exchange.

Eligible individuals enrolled in the plan report their income to the exchange. Based on the income reported, the individual receives a premium assistance credit. The credit is paid directly to the insurance plan. The individual then pays the insurance plan the difference between the credit amount and the total premium charged.

Eligibility

Initial eligibility for the premium assistance credit is based on the individual's income for the tax year ending two years prior to the enrollment period. Individuals (or couples) who experience a change in marital status or other household circumstance, experience a decrease in income of more than 20%, or receive unemployment insurance, may update eligibility information or request a redetermination of their credit eligibility.

The premium assistance credit is available for individuals (single or joint filers) with household incomes between 100% and 400% of the federal poverty level (FPL) for the family size involved who do not receive health insurance through an employer or a spouse's employer.

Note: Individuals below 133% of FPL are generally eligible for Medicaid coverage under the new law.

MFS Not Allowed

Married taxpayers must file a joint return to be eligible for the premium assistance credit.

Dependents

Individuals who are listed as dependents on a return are ineligible for the premium assistance credit.

Credit Amount

Premium assistance credits are based on a sliding scale. The premium assistance credit amount is determined by the Secretary of Health and Human Services based on the percentage of income the cost of premiums represents, ranging from 2.04% of income for those at 100% of the federal poverty level (FPL) to 9.69% of income for those at 400% of FPL for 2017. The percentages of income are indexed to the excess of premium growth over income growth for the preceding calendar year.

Household Income (Expressed as a Percent of Poverty Level)	Initial Premium	Final Premium
100% through 133%	2.04%	2.04%
133% through 150%	3.06%	4.08%
150% through 200%	4.08%	6.43%
200% through 250%	6.43%	8.21%
250% through 300%	8.21%	9.69%
300% through 400%	9.69%	9.69%

**2016 Federal Poverty Level (FPL)—
Used in Calculating 2017 Premium Tax Credit**

Persons in Family	FPL for 48 Contiguous States and the D.C.	FPL for Alaska	FPL for Hawaii
1	\$11,880	\$14,840	\$13,670
2	\$16,020	\$20,020	\$18,430
3	\$20,160	\$25,200	\$23,190
4	\$24,300	\$30,380	\$27,950
5	\$28,440	\$35,560	\$32,710
6	\$32,580	\$40,740	\$37,470
7	\$36,730	\$45,920	\$42,230
8	\$40,890	\$51,120	\$47,010
More than 8	Add \$4,160 per additional person	Add \$5,200 per additional person	Add \$4,780 per additional person

Source: <https://aspe.hhs.gov/poverty-guidelines>

Example: If in 2017 an individual lived in a single-member household with income equal to \$11,880 (100% of FPL), then the taxpayer would pay an insurance premium (after receiving the credit) equal to \$242.35 ($\$11,880 \times 2.04\%$). An individual living in a single-member household with income equal to \$47,520 (400% of FPL) would pay an insurance premium (after receiving the credit) equal to \$4,604.69 ($\$47,520 \times 9.69\%$).

The premium assistance credit amount is tied to the cost of the second lowest cost silver plan (adjusted for age) which:

- 1) Is in the rating area where the individual resides,
- 2) Is offered through an exchange in the area in which the individual resides, and
- 3) Provides self-only coverage in the case of an individual who purchases self-only coverage, or family coverage in the case of any other individual. If the plan in which the individual enrolls offers benefits in