

Affordable Care Act & Indian Exemption Waivers

How they Impact American Indians
and Alaska Natives

Tribal Health Reform
Resource Center

A project of the
National Indian Health Board



Overview

- Beginning in 2014, individuals are required to have health coverage that meets minimum essential value standards. This is also known as the individual responsibility requirement. Individuals that do not have health coverage may have to pay a tax penalty. However, individuals without coverage may not have to pay a fee if they apply and qualify for an exemption. Exemptions are granted by the Marketplace or the Internal Revenue Service (IRS) through the tax filing process.

Indian Exemption Waiver


On June 26 , 2013 The Centers for Medicare and Medicaid Services (CMS) issued a final rule to allow American Indians and Alaska Natives (AI/AN) to receive an exemption from the shared responsibility under the ACA.

Tax Penalty For Not Obtaining Minimum Essential Coverage

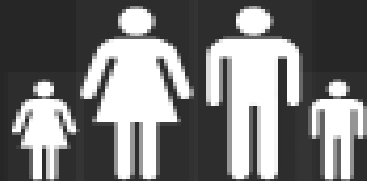
- Beginning on January 1, 2014, individuals are required to maintain minimum essential coverage or pay a penalty – these are due on the income tax filing date the following year.
- The penalty is broken out for each month that an individual does not meet the coverage requirements
- 2014
 - The greater of either 1% of yearly household income or \$95 per individual and \$47.50 per child
- 2015
 - The greater of either 2% of the yearly household income or \$325 per individual and \$162.50 per child
- 2016
 - The greater of either 2.5% of the yearly household income or \$695 per individual and \$347.50 per child
- 2017 and moving forward
 - The greater of either 2.5% of the yearly household income or the 2016 penalty per individual and child – adjusted for inflation

Your Tax Penalty For No Health Insurance

AN INDIVIDUAL EARNING \$40,000 YEARLY

	2014 → \$300
	2015 → \$600
	2016 → \$750

A FAMILY OF FOUR – TWO ADULTS, TWO KIDS –
EARNING \$75,000 YEARLY

	2014 → \$550
	2015 → \$1,100
	2016 → \$2,085

Source: U.S. Department of the Treasury

WHO IS EXEMPT FROM THE TAX PENALTY ?

- Member's of a federally recognized tribe or eligible for services through an Indian health services provider
- Or of Indian Descent and can prove they belong to a Indian Community and are eligible for services through the Indian Health Service.



Who Should Obtain an Exemption?

- Each AI/AN who wants an exemption will need to apply for an Exemption Certificate Number (ECN). The exemptions are not tied to households.
- Dependents will need to obtain an exemption or have someone apply on their behalf.
- The requirement to have minimum essential coverage is not determined by age
- Infants will need to obtain an exemption as well.
- There is only one application that serves both types of exemptions. It can be found at www.marketplace.gov.
- These exemptions are retroactive and prospective. This exemption continues indefinitely, therefore there are no penalties.



When to Apply for an Exemption

- Exemption Identification Numbers will be needed in 2015 when individuals complete their federal income taxes for 2014.
- Many exemptions including the exemptions for members of federally recognized tribes and those eligible for services at an Indian Health Care Provider are both proactive and retroactive.

When to apply for an exemption

- You can apply anytime for an exemption but it is best to apply and obtain your Exemption Certification Number before you file your 2014 tax return

Indian Exemption Waiver-The exemption is for members of federally recognized Tribes who can go onto the marketplace and apply for an exemption certificate number that can be used on tax forms. IRS will have that number as well for confirmation or acknowledge on the tax forms.

The Indian Exemption Waiver also includes those eligible to receive services from an Indian Health Service facility. This also includes Descendants.

There is only one application that serves both groups of exemptions- you can find it online @ www.marketplace.gov

These exemptions are retroactive and prospective. This exemption continues indefinitely, therefore there are no penalties.

Application for AI/AN Exemptions

tribal-exemption (1).pdf - Google Chrome

file://nihb-sbs11/RedirectedFolders/DColey/Desktop/tribal-exemption%20(1).pdf

Apps Home - National In... ITA Tech Support H... NIHB Remote Web Imported From IE Affordable Care Act ... National Indian Heal...

Health Insurance Marketplace

Form Approved
OMB No. 0938-1190

Application for Exemption for American Indians and Alaska Natives and Other Individuals who are Eligible to Receive Services from an Indian Health Care Provider

Use this application to apply for an exemption from the shared responsibility payment

- Starting in 2014, every person needs to have health coverage or make a payment on their federal income tax return called the "shared responsibility payment."
- Some people are exempt from making this payment. This application includes 2 categories of exemptions. There are other applications for other categories of exemptions. You may apply for certain other categories of exemptions when you file your federal income tax return. If you're a member of an Indian tribe, you can ask the Internal Revenue Service (IRS) for this exemption when you file your federal income tax return.
- You don't need to ask for an exemption if you're not going to file a federal income tax return because your income is below the filing threshold. If you're not sure, you may want to ask for an exemption.

Who can use this application?

- Use this application if you and/or anyone in your tax household is:**
 - A member of an Indian tribe.
 - Another individual who's eligible for health services through the Indian Health Service, tribes and tribal organizations, or urban Indian organizations.
- If you get this exemption, you can keep it for future years without submitting another application if your membership or eligibility for services from an Indian health care provider remains unchanged.
- You can use one application to apply for this exemption for more than one person in your tax household.

What you need

- Documents showing tribal membership or eligibility for services from the Indian Health Service, a tribal health care provider, or an urban

55 TO KNOW

tribal-exemption (1)pdf

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Applying for Exemptions

- individuals applying for exemptions should retain copies of the application as well as proof of mailing.
- individuals should **never** provide the original documents for supplemental documentation – only send in copies for the purposes of applying for an exemption.

Questions or Comments?

Thank you!

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