

Glossary

Adopted children – If a child is adopted by a taxpayer during the year, the child is included in the taxpayer's household only for the full months that follow the month in which the adoption occurs. Similarly, if the taxpayer places a child for adoption or foster care, the child is included in the taxpayer's tax household only for the full months before the month in which the placement occurs.

Applicable taxpayer (for purpose of premium tax credit) – A taxpayer must be an applicable taxpayer to claim the premium tax credit (PTC). Generally, an applicable taxpayer is one who has household income at least 100 percent but not more than 400 percent of the federal poverty line (FPL) for the family size, and cannot be claimed as a dependent. If the taxpayer is married at the end of the year, the taxpayer must file a joint return to be an applicable taxpayer unless an exception is met.

A taxpayer with household income below 100 percent of the FPL is an applicable taxpayer if all of the following requirements are met:

- The taxpayer, the taxpayer's spouse or a dependent enrolled in a policy through a Marketplace.
- The Marketplace estimated at the time of enrollment that the taxpayer's household income would be between 100% and 400% of the FPL for the taxpayer's family size.
- Advance credit payments were made for the coverage for one or more months during the year.
- The taxpayer meets the other applicable taxpayer criteria.

A taxpayer with household income below 100% of the FPL can be an applicable taxpayer as long as the taxpayer, the taxpayer's spouse, or a dependent who enrolled in a qualified health plan is not a U.S. citizen but is lawfully present in the U.S. and not eligible for Medicaid because of immigration status.

Bronze level health plan – A type of health insurance that pays, on average, 60 percent of your health care expenses. You pay the other 40 percent of your health care expenses in the form of copayments, coinsurance, and deductibles.

Coverage family – All members of the taxpayer's family who are enrolled in a qualified health plan and are not eligible for minimum essential coverage (other than coverage in the individual market). The members of the coverage family may change from month to month. A taxpayer is allowed a premium tax credit only for health insurance purchased for members of the coverage family.

Dependents of more than one taxpayer – The tax household does not include someone that can, but is not, claimed as a dependent if the dependent:

- is properly claimed on another taxpayer's return, or
- can be claimed by another taxpayer with higher priority under the tie-breaker rules.

Domestic abuse – Domestic abuse includes physical, psychological, sexual, or emotional abuse, including efforts to control, isolate, humiliate, and intimidate, or to undermine the victim's ability to reason independently. All the facts and circumstances are considered in determining whether an individual is abused. Abuse of the victim's child or any family member living in household may constitute abuse of the victim.

Exchange – See Marketplace.

Exemption Certificate Number (ECN) – The number the taxpayer received from the Marketplace for the individual listed in Part I (Marketplace-Granted Coverage Exemptions for Individuals) on Form 8965, column c.

Family – Taxpayer family includes all individuals and only those individuals for whom the taxpayer properly claims a personal exemption deduction on the tax return (taxpayer, spouse, or dependents).

Family coverage – Health insurance that covers more than one individual.

Family size – For the purposes of the premium tax credit, family size includes the individuals for whom the taxpayer claims a personal exemption deduction on the tax return (taxpayer, spouse if filing a joint return, and dependents).

FPL – Federal Poverty Line – An income amount considered poverty level for the year, adjusted for family size. Department of Health and Human Services (HHS) determines the federal poverty guideline amounts annually. The government adjusts the income limits annually for inflation.

Foreign coverage – In general, coverage through a group health insurance provided by a foreign employer to its employees and related individuals is minimum essential coverage (MEC). Individuals with such coverage should see Publication 974, Premium Tax Credit (PTC). However, coverage purchased directly from a foreign health insurance issuer or provided by the government of a foreign country does not qualify as MEC unless recognized as MEC by the Department of Health and Human Services (HHS). To find out if HHS has recognized particular forms of foreign coverage as MEC, go to www.irs.gov/uac/Individual-Shared-Responsibility-Provision.

Form 1095-A – Used to report certain information to the IRS about family members who enroll in a qualified health plan through the Marketplace. Form 1095-A also is furnished to individuals to allow them to claim the premium tax credit, to reconcile the credit on their returns with advance payments of the premium tax credit (advance credit payments), and to file an accurate tax return.

Form 1095-B – Used to report certain information to the IRS and to taxpayers about individuals who are covered by minimum essential coverage and therefore are not liable for the individual shared responsibility payment.

Form 1095-C – Employers with 50 or more full-time employees use this form to report information about offers of health coverage and enrollment in health coverage for their employees. Form 1095-C is used to report information about each employee. However, in preparation for the first required filing (filing in 2016 for 2015), employers may, if they wish, voluntarily file in 2015 for 2014.

Health Insurance Marketplace – See Marketplace.

Household income – The sum of the taxpayer's modified adjusted gross income (MAGI), the spouse's MAGI (if Married Filing Jointly), and the MAGI of all dependents required to file a tax return.

Incarceration – The taxpayer can claim a coverage exemption for a member of the tax household for any month in which the individual was incarcerated for at least 1 day in the month. An individual is incarcerated if he or she was confined, after the disposition of charges, in a jail, or similar penal institution or correctional facility.

Individual Market – The insurance market that provides private, individual (non-group) health insurance coverage to individuals who purchase health insurance on their own. This includes qualified health plans offered through the Marketplace. Each individual generally must pay the entire cost of the health insurance premium, but certain individuals may be eligible for insurance premium subsidies for coverage offered through the Marketplace.

MAGI – See Modified Adjusted Gross Income.

Marketplace (also: Exchange, Health Insurance Marketplace) – A governmental agency or nonprofit entity that makes qualified health plans available to individuals. The term "Marketplace" refers to state Marketplaces, regional Marketplaces, subsidiary Marketplaces, and a federally-facilitated Marketplace.

Married taxpayers (for purposes of the premium tax credit) – If a taxpayer is married at the end of the tax year, the taxpayer generally must file a joint return with spouse in order to claim the premium tax credit unless the taxpayer meets one of the following two exceptions:

- Exception 1 (Head of Household filing status). If taxpayer was not divorced or legally separated at the end of the year, he or she is considered unmarried if all of the following apply:
 - The taxpayer lived apart from spouse for the last 6 months of the year. (Temporary absences for special circumstances, such as for business, medical care, school, or military service, count as time lived in the home.)
 - The taxpayer filed a separate return from spouse.
 - The taxpayer paid over half the cost of keeping up his or her home for the year.
 - The taxpayer home was the main home of the taxpayer’s child, stepchild, or foster child for more than half of the year. (Temporary absences for special circumstances, such as for school, vacation, medical care, military service, and detention in a juvenile facility, count as time lived in home.)
 - The taxpayer can claim the child as a dependent or could claim the child as a dependent except that the child’s other parent can claim him or her under the rule for children of divorced or separated parents.
- Exception 2. If taxpayer is a victim of domestic abuse or abandonment and does not qualify to use Head of Household filing status, the taxpayer may claim a premium tax credit if he or she files a return as Married Filing Separately and meets the following:
 - The taxpayer is living apart from his or her spouse at the time the taxpayer filed the current year tax return.
 - The taxpayer is unable to file a joint return because he or she is a victim of domestic abuse or spousal abandonment.
 - The taxpayer certifies on the return that the taxpayer is a victim of domestic abuse or spousal abandonment.

Medicaid Expansion – The health care law provides states with additional federal funding to expand their Medicaid programs to cover adults under 65 who make up to 138% of the federal poverty level. Children (18 and under) are eligible up to that income level or higher in all states.

The U.S. Supreme Court ruled that the Medicaid expansion is voluntary with states. As a result, some states have not expanded their Medicaid programs. Many adults in those states with incomes below 100% of the federal poverty level fall into a gap. Their incomes are too high to get Medicaid under their state’s current rules but their incomes are too low to qualify for the premium tax credit.

Minimum essential coverage (MEC) – Coverage under a government-sponsored program, an eligible employer-sponsored plan, a plan in the individual market, a grandfathered health plan, or other coverage recognized by the Department of Health and Human Services (HHS), in coordination with the Secretary of the Treasury, as minimum essential coverage.

Modified Adjusted Gross Income (MAGI) – For purposes of PTC, MAGI is a taxpayer’s adjusted gross income plus certain income that is not subject to tax (foreign earned income, tax-exempt interest, and Social Security benefits not included in income).

Modified Adjusted Gross Income (MAGI) – For purposes of SRP and coverage exemptions, MAGI is a taxpayer’s adjusted gross income plus certain income that is not subject to tax (foreign earned income and tax-exempt interest).

National Average Bronze Plan Premium (NABPP) – This figure is used in calculating the shared responsibility payment (SRP). A table of NABPP amounts can be found in the Instructions for Form 8965 and in Publication 4012, ACA tab.

Premium tax credit (PTC) – A tax credit for certain people who enroll in a qualified health plan offered through the Marketplace (Exchange). The credit reduces the amount of tax the taxpayer owes. It may also give the taxpayer a refund or increase the refund.

If applicable, the taxpayer is allowed a credit amount for any month during the year that the taxpayer or one or more of the family members [spouse or dependent(s)] were:

- Enrolled in one or more qualified health plans through a Marketplace;
- Not eligible for other minimum essential coverage.

Qualified health plan – A health plan certified by the Department of Health and Human Services to be offered through the Marketplace. Qualified health plans offered through the Marketplace must be one of four tiers, or “metal levels” – bronze, silver, gold, or platinum. Individuals and families can choose from a variety of qualified health plans, as well as catastrophic plans for young adults and those without affordable options.

Recognized religious sect – A member of a recognized religious sect is exempt from SRP. For purposes of the exemption, a religious sect must be in existence since December 31, 1950, and recognized by the Social Security Administration (SSA) as conscientiously opposed to accepting any insurance benefits, including Medicare and Social Security benefits.

Relief – A taxpayer can certify an exemption from Married Filing Jointly by checking a box on Form 8962, Premium Tax Credit.

Required contribution – The amount an individual would be required to pay toward minimum essential coverage (MEC). For purposes of SRP and the exemption based on unaffordable coverage, if an individual is eligible to purchase MEC provided under an eligible employer-sponsored plan, the individual’s required contribution is the portion of the annual premium that the individual would pay for self-only coverage. For an individual eligible for an employer-sponsored plan coverage because the individual is related to an employee (related individual), the required contribution is the portion of the annual premium that the employee would pay to cover the employee and all related individuals in the employee’s family. For an individual ineligible for coverage under eligible employer sponsored plans, the required contribution is the annual premium for the lowest cost bronze plan available in the individual market through the Marketplace in the state in which the individual resides, reduced by the amount of the premium tax credit for the taxable year if the individual were enrolled in a qualified health plan through the Marketplace. For purposes of PTC, an employee’s required contribution is determined in the same way as that for coverage exemption. Unlike the required contribution for purposes of coverage exemption, for purposes of PTC, the required contribution for a related individual is the portion of the annual premium that the employee would pay for self-only coverage.

Second Lowest Cost Silver Plan (SLCSP) – The second lowest cost silver plan offered through the Marketplace for the rating area in which the taxpayer resides. A taxpayer who enrolled in a qualified health plan through the Marketplace will receive Form 1095-A from the Marketplace which will include the SLCSP amount. This figure is used on Form 8962 to calculate the amount of the premium tax credit that the taxpayer is allowed.

Self-only coverage – Health insurance that covers one individual.

Shared responsibility payment (SRP) – If the taxpayer or any other member of the tax household has neither minimum essential coverage nor an exemption for any month during the tax year, the taxpayer must compute and pay the shared responsibility payment.

Spousal abandonment – A taxpayer is a victim of spousal abandonment for a taxable year if, taking into account all facts and circumstances, the taxpayer is unable to locate his or her spouse after reasonable diligence.

Tax household – For purposes of Form 8965, includes the taxpayer, the taxpayer's spouse (if filing a joint return), and any individual claimed as a dependent on the tax return. It also generally includes each person the taxpayer can, but does not, claim as a dependent.

Unaffordable coverage – For purposes of Form 8965 for 2015, coverage is unaffordable if the individual's required contribution is more than 8.05% of household income.