

SUPPORTING STATEMENT
Health Insurance Premium Tax Credit
TD 9590

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Under the Patient Protection and Affordable Care Act, Public Law 111-148, and the Health Care and Education Reconciliation Act, Public Law 111-152, states will establish exchanges to facilitate enrollment in qualified health plans by individuals. Eligible individuals may claim a premium tax credit on their tax returns that will pay part of the premiums for health plans. In many cases exchanges will approve monthly advance payments of the credit to insurance companies. Section 36B(f)(3) of the Internal Revenue Code requires exchanges to report information concerning individuals enrolling in qualified health plans that will assist the individuals to properly complete their tax returns and assist the Internal Revenue Service to determine a taxpayer's eligibility for the premium tax credit and the correct amount of the credit.

(a) Information required to be reported. An Exchange must report to the Internal Revenue Service and each taxpayer the following information for the qualified health plan or plans in which the taxpayer or a member of the taxpayer's family enrolls through the Exchange--

- (1)** The premium for the applicable benchmark plans used to compute advance credit payments and the period coverage was in effect;
- (2)** The total premium for the coverage in which the taxpayer or family member enrolls without reduction for advance credit payments;
- (3)** The aggregate amount of any advance credit payments;
- (4)** The name, address and Social Security number (SSN) of the primary insured and the name and SSN or adoption taxpayer identification number of each other individual covered under the policy;
- (5)** All information provided to the Exchange at enrollment or during the taxable year, including any change in circumstances, necessary to determine eligibility for and the amount of the premium tax credit;
- (6)** Any other information required in published guidance, see [§ 601.601\(d\)\(2\)](#) of this chapter, necessary to determine whether a taxpayer has received excess advance payments.

(b) Time of reporting. [Reserved]

(c) Manner of reporting. The Commissioner may provide rules in published guidance, see [§ 601.601\(d\)\(2\)](#) of this chapter, for the manner of reporting under this section.

The data elements are codified under § 1.36B-5, “Information reporting by Exchanges” of the final regulation.

The IRS developed Form 1095-A under the authority of ICR section 36B(f)(3) for individuals to compute the amount of premium tax credit and file an accurate tax return.

2. USE OF DATA

The collection of information is necessary (a) to evaluate a taxpayer's eligibility for a premium tax credit, (b) to determine the amount of a taxpayer's premium tax credit, and (c) to properly reconcile a taxpayer's premium tax credit with advance credit payments.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

The exchanges will use electronic media to compile and provide the information to the Internal Revenue Service, but we expect that exchanges will provide paper information statements to enrollees.

4. EFFORTS TO IDENTIFY DUPLICATION

We have attempted to eliminate duplication within the agency wherever possible.

5. METHODS TO MINIMIZE BURDEN ON SMALL BUSINESSES OR OTHER SMALL ENTITIES

Not applicable.

6. CONSEQUENCES OF LESS FREQUENT COLLECTION ON FEDERAL PROGRAMS OR POLICY ACTIVITIES

Not applicable.

7. SPECIAL CIRCUMSTANCES REQUIRING DATA COLLECTION TO BE INCONSISTENT WITH GUIDELINES IN 5 CFR 1320.5(d)(2)

Not applicable.

8. CONSULTATION WITH INDIVIDUALS OUTSIDE OF THE AGENCY ON AVAILABILITY OF DATA, FREQUENCY OF COLLECTION, CLARITY OF INSTRUCTIONS AND FORMS, AND DATA ELEMENTS

A notice of proposed rulemaking was published in the Federal Register on August 17, 2011 (76 FR 50931). The final regulation was published in the Federal Register on May 23, 2012 (77 FR 30377).

We received one comment letter in response to the Federal Register notice dated September 2, 2014 (79 FR 52118), during the comment period for Form 1095-A. This letter provided comments in response to the forms 1095-A, 1095-B, 1095-C and appropriate instructions. Comments included in the letter concentrated around when and how to use these forms, clarification of instructions to include “common household scenarios illustrating mixed and complex coverage and reporting requirements”, concerns surrounding the explanation of Modified Adjusted Gross Income (MAGI) on the forms, and an encouragement for “the IRS to develop a streamlined system for the increasing number of persons who file their federal income taxes electronically.”

The IRS understands the confusion and complexity of reporting that taxpayers may face surrounding the Affordable Care Act. We will make every attempt possible to make sure the instructions are written in a clear, concise, and in plain language. We have already taken steps to improve taxpayer’s understanding of the reconciliation of Form 1095-A and Form 8962. We will be releasing a plain language publication that is written for taxpayers who need a basic and clear understanding of how these forms interact with one another.

We will also use the product pages on IRS.gov and other means of communication to spread the word that not every taxpayer will receive every form in 2014, noting that some reporting requirements are only optional for 2014.

Finally, we are already revising the instructions for the ACA forms to include more easy to understand examples and explanations that will touch on different scenarios to help illustrate the reporting and reconciliation requirements.

9. EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS

Not applicable.

10. ASSURANCE OF CONFIDENTIALITY OF RESPONSES

Generally, tax returns and tax return information are confidential as required by 26 U.S.C. 6103.

11. JUSTIFICATION OF SENSITIVE QUESTIONS

A privacy impact assessment (PIA) has been conducted for information collected under this request as part of the “Affordable Care Act (ACA)” system and a Privacy Act System of

Records notice (SORN) has been issued for this system under; IRS 24.030- Individual Master File, IRS 24.046-Customer Account Data Engine Business Master File, and IRS 34.037- Audit Trail and Security Records System. The Internal Revenue Service PIAs can be found at <http://www.irs.gov/uac/Privacy-Impact-Assessments-PIA>.

Title 26 USC 6109 requires inclusion of identifying numbers in returns, statements, or other documents for securing proper identification of persons required to make such returns, statements, or documents and is the authority for social security numbers (SSNs) in IRS systems.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

The collection of information in these final regulations is in § 1.36B–5. The information will help the IRS properly reconcile the amount of the premium tax credit with advance credit payments made under section 1412 of the Patient Protection and Affordable Care Act (42 U.S.C. 18082). The collection of information is required to comply with the provisions of section 36B(f)(3) of the Internal Revenue Code (Code).

	<u>Estimated Number of Responses</u>	<u>Estimated Time Per Response</u>	<u>Estimated Total Annual Burden Hours</u>
Form 1095-A	2,000,000	.3 minutes	11,250

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

As suggested by the OMB, our Federal Register notice dated September 2, 2014, requested public comments on estimates of cost burden that are not captured in the estimates of burden hours, i.e., estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information. However, we did not receive and response from taxpayers on this subject. As a result, estimates of cost burdens are not available at this time.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

Not applicable.

15. REASONS FOR CHANGE IN BURDEN

Requesting OMB approval to add Form 1095-A under this currently approved OMB number.

16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

Not applicable.

17. REASONS WHY DISPLAYING THE OMB EXPIRATION DATE IS INAPPROPRIATE

We believe that displaying the OMB expiration date is inappropriate because it could cause confusion by leading taxpayers to believe that the regulations sunset as of the expiration date. Taxpayers are not likely to be aware that the Service intends to request renewal of the OMB approval and obtain a new expiration date before the old one expires.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT ON OMB PRA SUBMISSION FORM

Not applicable.

Note: The following paragraph applies to all of the collections of information in this submission:

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number. Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.