

How Getting Financial Assistance to Pay for Health Insurance Affects Your Taxes



About this
fact sheet

How much financial assistance you can use up front to help pay for health insurance is based on how much money you think your family will earn that year.

When you do your taxes, you'll find out if you used the right amount based on how much your family actually made. If you used too much of the assistance offered to you, you will have to pay some of it back. If you didn't use the full amount, you'll get back that extra money as a refund or a discount on your taxes.

1. If I get financial assistance with my insurance during the year, what happens when I file my taxes?

The amount of financial assistance you can use to help pay your premiums (monthly fees) for health insurance is based on what you *think* your family's income will be that year and how many people are in your family at the time you apply. (The marketplace pays this money to your health plan for you.) But after you get your financial assistance, things can change. You might wind up earning more money, or the number of people in your family could change (you could get married, for example).

The amount of assistance you are *supposed* to get is based on how much your family *actually* earned and how many people are *actually* in your family at the end of the year.

When you do your taxes, you will find out if you used the right amount of financial assistance. If you used too much, you will have to pay some of it back. If you used less than the full amount, you will get back that extra money as a refund or as a discount on any taxes you owe.

MORE INFORMATION



Learn more about the basics of getting financial assistance to pay for health insurance.

Fact sheet: "Getting Financial Assistance to Pay for Health Insurance"

Your Family and Financial Assistance

When the marketplace figures out how much financial assistance your family can get, it counts everyone listed on your family's tax return, including the taxpayer, the taxpayer's spouse, and their dependents. Married couples must file taxes jointly (as a couple) when they get financial assistance.

2. How much will I have to pay back if I used too much financial assistance up front?

If you used too much financial assistance to help pay your monthly premium, you will need to pay some money back when you do your taxes. You will need to pay the difference between how much you used based on what you thought your family's income would be and how much you should have gotten based on what your family's income actually was. The most you will have to pay back depends on your family's income:

- If at the end of the year your family still qualifies for financial assistance, there is a limit on how much you will have to pay back. The less money you make, the less you'll have to pay back.
- If at the end of the year your family's income is too high to get any financial assistance, you must pay back all of the money that the marketplace paid your health insurance company for premiums.

3. Why would the amount of financial assistance I'm supposed to get change between when I apply and when I do my taxes?

The amount of financial assistance you can use to help pay your monthly premiums is based on how much you *think* your family will earn that year and how many people are in your family at the time you apply. But after you get your financial assistance, things can change. You might wind up earning more money, or the number of people in your family could change (you could get married, for example).

Any changes in your income or family size could change the amount of help you are supposed to get. The amount of financial assistance you are supposed to get is based on how much your family *actually* earned during the year and how many people are *actually* in your family at the end of the year.

MORE INFORMATION



Learn more about the limits on how much families have to pay back.

Fact sheet: "Income Guidelines for Getting and Using Financial Assistance for Health Insurance" (Table 3)

Learn more about the highest income you can have and still get financial assistance.

Fact sheet: "Income Guidelines for Getting and Using Financial Assistance for Health Insurance" (Table 1)

What happens if you take the full amount of financial assistance that your marketplace offers and your income, family size, or another circumstance changes during the year?

- If your family starts earning more money than you put on your application, you will be able to get less financial assistance for the rest of the year.
- If your family starts earning less money, you will be able to get more financial assistance.
- If you or your spouse has a baby, you will probably be able to get more financial assistance.
- If your job or a family member’s job starts offering you insurance, you may not be able to get financial assistance for the rest of the year.

4. How can I avoid having to pay back money when I do my taxes?

Use less financial assistance than the marketplace offers you.

When you apply, you will say how much money you think your family will make that year. When you find out how much financial assistance you can get with your premiums, you can decide how much of that amount you want the marketplace to pay to your health insurance company. You don’t have to use the full amount you are offered. If it turns out that you didn’t use the full amount, you will get back the extra money when you do your taxes.

Tell the marketplace right away if your family income changes, if your family size changes, or if your job or a family member’s job starts offering you health insurance.

That way, the marketplace can make sure you still qualify for financial assistance, and it can update the amount you can have paid to your health insurance company from that point on so you avoid owing money at tax time.

5. Do I have to think about using less than the full amount of financial assistance I’m offered?

No. Some people like to make sure they won’t have to pay any extra money when they do their taxes. These questions and answers are designed to help them. Other people like to have more spending money during the year, and they don’t mind paying more at tax time.

MORE INFORMATION



Learn more about deciding how much financial assistance to use up front.

Fact sheet: “Deciding How Much Financial Assistance to Use to Lower Your Monthly Premiums”

6. What happens if I don't file my taxes after I get financial assistance?

If you've received financial assistance to help pay for your health insurance, you must file your federal taxes in order to be able to continue to receive financial assistance in the future. This filing requirement applies to anyone who has received financial assistance, even if they're otherwise not required to file taxes. If you don't file your taxes, you will no longer be able to receive financial assistance and will be responsible for the full cost of your premiums and all covered health care services.

The complete *What You Need to Know about Health Insurance* series:

Applying for Health Insurance

Answering Questions about Your Family When Applying for Health Insurance

Answering Questions about Your Family's Income When Applying for Health Insurance

Applying for a Marketplace Plan if You Can Get Health Insurance through Your Job

What to Do if You Are Uninsured after Open Enrollment

Getting Financial Assistance

Getting Financial Assistance to Pay for Health Insurance

Deciding How Much Financial Assistance to Use to Lower Your Monthly Premiums

Will I Be Able to Get Financial Help to Pay for Health Insurance?

How Getting Financial Assistance to Pay for Health Insurance Affects Your Taxes

Getting Extra Financial Assistance to Help Pay Health Care Costs

Choosing a Health Plan

Choosing the Health Plan that's Right for You

Choosing a Health Plan You Can Afford

Understanding the Differences between Platinum, Gold, Silver, and Bronze Plans

Understanding Catastrophic Health Insurance

Buying Children's Dental Coverage through the Marketplace

Keeping and Using Health Insurance

How to Use Your Health Insurance

How to Keep Your Marketplace Health Insurance

What to Do after You Buy Health Insurance in the Marketplace

Understanding the Requirement to Have Health Insurance

Understanding the Requirement to Have Health Insurance

Understanding Minimum Essential Coverage

Reference Charts and Graphics

Income Guidelines for Getting and Using Financial Assistance for Health Insurance

Income Guidelines for Getting Extra Financial Assistance to Pay for Health Care Costs

Types of Exemptions from the Requirement to Have Health Insurance

A complete list of Families USA publications is available online at www.FamiliesUSA.org/resources/publications.

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