

Affordability Example

Vermont Tax Practitioners Association

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Jeannette, Rob, Christian, and Eva

- Rob's employer does not offer insurance
- Jeannette's employer offers ESI for employees and their children
- She doesn't enroll, and the family goes uninsured for the year
- Household income: \$47,700
- Employee-only premium: \$196/month (4.9% of income)
- Employee+ children premium: \$392/month (9.9% of income)
- No spousal coverage is offered by Jeannette's employer

The family wants to know if they owe a shared responsibility payment for 2015.

Excerpts from 2015 Form 8965 instructions


Affordability Worksheet

Use this worksheet to determine whether coverage for each individual in your tax household is unaffordable. If you or another member of your tax household isn't eligible for employer-sponsored coverage, use the [Marketplace Coverage Affordability Worksheet](#) to figure the required contribution for that individual. An individual is exempt for any month in which (B), the Required Contribution, is more than (A), the Affordability Threshold.

(A) Affordability Threshold						
Enter 8.05% of your household income (see Household income). For this purpose, increase household income by the amount of any premium that is paid through a salary reduction arrangement and excluded from gross income.						
(B) Required Contribution Amount						
For each member of your tax household, enter in the columns provided the annual premium for the first option below that applies to that person. If the monthly premium is the same for the whole year, enter the annual premium in the space for each month. If the premiums cover only part of the year, use the Annualized Premium Worksheet to determine what the annualized premium would be for each month. Once you have figured the annualized premium, enter it in the space for each month.						
Options (use the first that applies to each member of your tax household, including you, for each month):						
1. The lowest cost self-only policy offered to each member of your tax household by his or her employer.						
2. The lowest cost family policy* offered by your employer or your spouse's employer (if you are filing a joint return).						
3. The amount from the Marketplace Coverage Affordability Worksheet.						
For each individual, coverage is unaffordable and the individual is exempt for any month in which (B), the Required Contribution Amount, is more than (A), the Affordability Threshold.						
Members of your tax household (enter one name per column):						
Annualized premium for:						
January						
February						
March						
April						
May						
June						
July						
August						
September						
October						
November						
December						
*The policy must cover everyone in your tax household:						
<ul style="list-style-type: none"> • For whom a personal exemption deduction is claimed on your tax return, • Who isn't eligible for employer coverage, and • Who doesn't qualify for another coverage exemption. 						

Marketplace Coverage Affordability Worksheet

Use this worksheet to figure an individual's required contribution for any month in which the individual isn't eligible for employer-sponsored coverage. Complete a separate worksheet for each part of the year in which either the individual resided in different geographic rating areas served by the Marketplace or for which the number of people in your tax household who are neither exempt nor eligible for minimum essential coverage (other than coverage in the individual market) was different.

	<i>Do not complete this worksheet unless you were instructed to do so in the Affordability Worksheet.</i>	
<ol style="list-style-type: none"> 1. Enter the monthly premium for the lowest cost bronze plan that covers everyone in your tax household for whom a personal exemption deduction is claimed, who isn't eligible for employer coverage, and who doesn't qualify for another coverage exemption for the month. To find the lowest cost bronze plan go to www.HealthCare.gov/tax-tool or the Marketplace for your area. If you are married and file a separate return, enter the monthly premium here and on line 12. Don't complete lines 2 through 11 2. Enter your household income (see Household income) 3. Enter the total of all nontaxable social security benefits received by you, your spouse, and each claimed dependent who must file a tax return* 4. Add lines 2 and 3 5. Enter the federal poverty line for the number of individuals in your tax household less any dependents not claimed. See the instructions for Form 8962, line 4 6. Divide line 4 by line 5. If the result (without rounding) is less than 1.0 or more than 4.0, skip lines 7 through 10 and enter -0- on line 11 7. Multiply line 6 by 100 and round down to the nearest whole number. Enter the applicable figure for the result from the table in the instructions for Form 8962, line 7 8. Multiply line 4 by line 7 9. Divide line 8 by 12.0 10. Enter the monthly premium for the second lowest cost silver plan premium that covers everyone in your tax household for whom a personal exemption deduction is claimed, who isn't eligible for minimum essential coverage (other than coverage in the individual market), and who doesn't qualify for another coverage exemption for the month. To find the second lowest cost silver plan go to www.HealthCare.gov/tax-tool or the Marketplace for your area 11. Subtract line 9 from line 10. If zero or less, enter -0- 12. Subtract line 11 from line 1. If zero or less, enter -0-. This is the individual's required contribution for the month 13. Is the individual eligible for this coverage for every month of the year? <ul style="list-style-type: none"> <input type="checkbox"/> Yes. Multiply line 12 by 12.0. This is the annualized premium. Enter this amount in the space for every month on the Affordability Worksheet <input type="checkbox"/> No. Multiply line 12 by 12.0. This is the annualized premium. Enter this amount in the space on the Affordability Worksheet for each month the individual was eligible for the coverage being tested 	<p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>	<p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>
<p><small>*If the individual filed Form 1040, figure the nontaxable social security benefits received by that individual by subtracting Form 1040, line 20b from Form 1040, line 20a. If the individual filed Form 1040A, figure the nontaxable social security benefits received by that individual by subtracting Form 1040A, line 14b from Form 1040A, line 14a. If the individual filed Form 1040EZ, he or she should have received a Form SSA-1099 or Form RRB-1099 showing the social security benefits received by that individual, all of which were nontaxable.</small></p>		

Excerpts from Form 8962 instructions (2015)

Table 1-1. Federal Poverty Line for the 48 Contiguous States and the District of Columbia

IF your Family Size* from Form 8962, line 1, was . . .	THEN enter the amount below on Form 8962, line 4 . . .
1	\$11,670
2	\$15,730
3	\$19,790
4	\$23,850
5	\$27,910
6	\$31,970
7	\$36,030
8	\$40,090

**If your family size was more than 8 people, add \$4,060 for each additional person. For example, if your family size is 11, you have 3 additional people. Multiply \$4,060 by 3 and add the result of \$12,180 to \$40,090. Enter the result of \$52,270 on Form 8962, line 4.*

Table 2. Applicable Figure



If the amount on line 5 is less than 133, your applicable figure is 0.0201. If the amount on line 5 is between 300 through 400, your applicable figure is 0.0956.

IF Form 8962, line 5 is . . .	ENTER on Form 8962, line 7 . . .	IF Form 8962, line 5 is . . .	ENTER on Form 8962, line 7 . . .	IF Form 8962, line 5 is . . .	ENTER on Form 8962, line 7 . . .	IF Form 8962, line 5 is . . .	ENTER on Form 8962, line 7 . . .
less than 133	0.0201	175	0.0518	218	0.0697	261	0.0842
133	0.0302	176	0.0523	219	0.0701	262	0.0845
134	0.0308	177	0.0527	220	0.0704	263	0.0848
135	0.0314	178	0.0532	221	0.0708	264	0.0851
136	0.0320	179	0.0537	222	0.0711	265	0.0854
137	0.0326	180	0.0541	223	0.0715	266	0.0857
138	0.0331	181	0.0546	224	0.0718	267	0.0860
139	0.0337	182	0.0550	225	0.0722	268	0.0863
140	0.0343	183	0.0555	226	0.0726	269	0.0865
141	0.0349	184	0.0560	227	0.0729	270	0.0868
142	0.0355	185	0.0564	228	0.0733	271	0.0871
143	0.0361	186	0.0569	229	0.0736	272	0.0874
144	0.0367	187	0.0574	230	0.0740	273	0.0877
145	0.0373	188	0.0578	231	0.0743	274	0.0880
146	0.0378	189	0.0583	232	0.0747	275	0.0883
147	0.0384	190	0.0588	233	0.0750	276	0.0886
148	0.0390	191	0.0592	234	0.0754	277	0.0889
149	0.0396	192	0.0597	235	0.0757	278	0.0892
150	0.0402	193	0.0602	236	0.0761	279	0.0895
151	0.0407	194	0.0606	237	0.0764	280	0.0898
152	0.0411	195	0.0611	238	0.0768	281	0.0901
153	0.0416	196	0.0615	239	0.0771	282	0.0903
154	0.0421	197	0.0620	240	0.0775	283	0.0906
155	0.0425	198	0.0625	241	0.0778	284	0.0909
156	0.0430	199	0.0629	242	0.0782	285	0.0912
157	0.0434	200	0.0634	243	0.0785	286	0.0915
158	0.0439	201	0.0638	244	0.0789	287	0.0918
159	0.0444	202	0.0641	245	0.0792	288	0.0921
160	0.0448	203	0.0645	246	0.0796	289	0.0924
161	0.0453	204	0.0648	247	0.0799	290	0.0927
162	0.0458	205	0.0652	248	0.0803	291	0.0930
163	0.0462	206	0.0655	249	0.0806	292	0.0933
164	0.0467	207	0.0659	250	0.0810	293	0.0936
165	0.0472	208	0.0662	251	0.0813	294	0.0938
166	0.0476	209	0.0666	252	0.0816	295	0.0941
167	0.0481	210	0.0669	253	0.0819	296	0.0944
168	0.0486	211	0.0673	254	0.0822	297	0.0947
169	0.0490	212	0.0676	255	0.0825	298	0.0950
170	0.0495	213	0.0680	256	0.0828	299	0.0953
171	0.0499	214	0.0683	257	0.0830	300 thru 400	0.0956
172	0.0504	215	0.0687	258	0.0833		
173	0.0509	216	0.0690	259	0.0836		
174	0.0513	217	0.0694	260	0.0839		