Webinar Participants

- Dr. Scott Loveridge, Michigan State University, NCRCRD
- Dr. Shoshanah Inwood, University of Vermont
- Dr. Adam Kantrovich, Michigan State University Extension
- Dr. Barbara O’Neill, Rutgers Cooperative Extension
- Dr. Roberta Riportella, Kansas State University Extension
Barriers to Farm Persistence and Growth

Top five issues identified as **Serious Problems** for the farm business (n=425)

<table>
<thead>
<tr>
<th>Commercial Farmer Issues</th>
<th>% Serious Threat</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Cost of health insurance</td>
<td>65%</td>
</tr>
<tr>
<td>2. Cost of farm inputs</td>
<td>61%</td>
</tr>
<tr>
<td>3. Cost of farmland</td>
<td>38%</td>
</tr>
<tr>
<td>4. Net income from farm</td>
<td>44%</td>
</tr>
<tr>
<td>5. Current prices for my farm products</td>
<td>44%</td>
</tr>
</tbody>
</table>

"Two things are working as hard against the configuration of the business. One is rising land value and the other is rising healthcare costs that have completely gone out of control. Healthcare costs are driving everything."

Data Collection 2007
HIREDnAg Research and Extension Team

**Project Directors**
- Shoshanah Inwood  
  University of Vermont
- Alana Knudson  
  Walsh Center for Rural Health Analysis  
  NORC

**Project Team**
- University of Vermont
- University of Maryland Extension
- Center for Rural Affairs
- Northeast Rural Development Center
- North Central Rural Development Center
- Southern Rural Development Center
- Western Rural Development Center

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HIREDnAg Research and Extension Goals

- Understand how health insurance decisions impact farm and ranch families.
- Understand and Teach How Health Insurance Impacts
  - Economic development through food and agriculture
  - Farm and ranch development
  - Farm and ranch workforce vitality
  - Farm and ranch risk management

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**Timeline**

- **2015**
  - Farm household финансов survey
  - Development of educational/technical assistance
  - Farm in Transition: Federal Five State Focus

- **2016**
  - Follow-up interview with farm and ranch families
  - Economic development with technical assistance programs

- **2017**
  - Follow-up interview with farm and ranch families

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**Ten Case Study States**

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**TA Focus Groups**

- Models and content being delivered
- Acute need for more information

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Overview

• ACA affects everyone that is here in the U.S. legally from individuals to businesses.
  • Individuals need to make sure they have appropriate Health Insurance Coverage for themselves and their dependent children
  • Employers need to determine their status (Large or Small) and what their responsibilities are based on their status
• According to the Small Business Administration:
  • “Nearly 96% of all firms in the U.S. (5.8 out of 6 million) are exempt”
  • These firms have a monthly FTE of less than 50 and employ 34 million workers.
MSU Extension Programming Initiative

- FCS Educators led by Brenda Long provided programming from the individual consumer side
- Drs. David Schweikhardt and Adam Kantrovich provided programming for farms, agri-business, and general business from the employer aspect of the law
  - Development of Fact Sheets, publications, website, worksheets, and spreadsheet calculator
  - Significant programming effort to large groups with up to 3-4 hour ACA education
  - 30 minute – 90 minutes of information within larger programs (i.e. Ag Labor programs)
  - Speaker upon request to specialized groups

Approach of the Issues

- Programming began in 2012
  - There was much discussion prior to taking this on due to potential politics
  - There was kickback from some stakeholders
  - A Farmer and State Legislator (republican) met with the stakeholder(s) and explained the importance of the issue and the need for the programming.
  - Early on in the programming many participants would want to discuss their negative perception of act and that it would be repealed, etc...
  - Outbursts were put to rest early-on by stating what our role was. We would provide updates on bills and court cases towards the conclusion of the larger programs.
  - Farmers & Producers are now generally open to learning what they need to know about this.

ACA - Introduction

- MSUE's Role
  - Our objective is to provide educational resources to assist individuals/families/employers to make management/planning decisions for their business and life situations.
  - We'll answer questions about "what" and "how" of the ACA and provide the latest interpretation of information from in an objective manner. MSU/E. does not take a political or philosophical position/side dealing with the ACA.
  - All information has been obtained from IRS/HHS/DOL sources. Some regulations may change and others have not yet been released.
  - Always work with your tax & legal advisors before making any decisions with regards to the ACA.
Type of Information Needed for Businesses and Employers

What do Employers Need to Know
- Employer Mandate
  - Employer Classification (Applicable Large Employer (ALE) or Small)
    - How to determine employer classification & classification of workers/employees, IRS Control Group Status
    - Seasonal worker rules and H-2A classifications
    - Look-Back Measurements and Rules of Parity
  - Min. Essential Benefits, Coverage Affordability, Safe Harbors rules
  - How to compute possible ESR & ISR penalties for non-compliance by ALE’s
  - Excise tax & Non-discrimination issues for all employers
  - Tax Forms 1094 & 1095 A,B,C

Major Issues and Challenges
- Constant legal challenges
- Different legal definitions under ACA vs. DOL & other agencies
- Guidance/formal legal agency interpretation has not been released on some parts of the ACA
- Some groups/individuals, and industries such as the insurance industry is spreading false/incorrect information when working with farms/agricultural employers (nationwide issue)
- Meeting Legal Obligation vs. HR Labor Management for employers
  - Software, administrative, communication, labor expectations
Resources

- MSUE Farm & Employer ACA Website
  - Employer Status Worksheet
  - Employer Status Calculator
  - ACA Q&A for Employers
  - ACA Q&A for Self-Employed
  - ACA Q&A for Individuals and Families
  - ACA Q&A about the Health Insurance Marketplace
  - Farm and Small Business Employee Notification Mandate by Oct. 1, 2013 article

Contact Information

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The Affordable Care Act (ACA) and Income Taxes

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Individual Shared Responsibility Payment or ISRP (IRS Term)

- Most people refer to this as “the penalty” for not having health insurance that interfaces with tax return.
- The IRS uses the term ISRP because individuals, like government and employers, have a responsibility to participate in the health insurance market.
- ISRP is relatively low for tax year 2014 and increases in subsequent years.

ACA “Pay or Play” Rules

- **Individual Mandate:** “Everyone must have a health insurance plan starting in 2014.....or pay a federal government penalty” (certain exceptions apply: [ACA-Individual-Shared-Responsibility-Provision-Exemptions](http://www.irs.gov/Affordable-Care-Act/Individual-and-Families/ACA-Individual-Shared-Responsibility-Provision-Exemptions)

- **Employer Mandate:** “Employers must offer their workers adequate and affordable insurance if they have 50 or more employees, including seasonal ones, working 30 hours a week for more than 120 days.....or pay a federal government penalty.”
Health Insurance Subsidies

Two provisions to lower health insurance premiums and out-of-pocket costs for LMI households

- **Premium Tax Credits** - Help people pay monthly cost of having a Marketplace plan; based on family size and household income from 100% (138%) to 400% of FPL

- **Cost-Sharing Reductions** - Decrease the charges that people having a Marketplace plan must pay OOP for deductibles, copayments, and coinsurance; must have income up to 250% of FPL and be enrolled in a Silver plan

Taxes and the ACA

- 2014 was first year EVER that health insurance impacted income taxes
- Two target audiences:
  - People uninsured for all or part of 2014
  - People with Marketplace health plan with premium tax credits
- Many people were unaware that:
  - They may have to pay a fee if they are uninsured
  - They must reconcile their advance premium tax credits or claim tax credits for the first time
- Most (> 75%) taxpayers just need to check “Full-year Coverage” on Line 61 of tax form

Taxpayers With a Marketplace Health Plan

- Receive Form 1095-A in the mail from the Marketplace by January 31
  - Even if you had coverage for only part of the year
  - Includes all tax household members in a qualified plan
- Form 1095-A form can also be downloaded at [www.healthcare.gov](http://www.healthcare.gov)
- Form 1095-A is needed to fill out Form 8962 to file with federal income tax return for the IRS
- Form 1095-A and copy of tax return should be saved with tax records
Form 1095-A Components

- Information about a tax filer and his/her household who were enrolled in a Marketplace qualified plan
- Information to complete federal income tax return Form 8962 (e.g., monthly premium amount)
- The amount of advanced premium tax credit paid to health plan provider on a consumer's behalf

More About Form 1095-A

- People may get more than one Form 1095-A if anyone in family
  - Switched plans during year
  - Reported life changes (e.g., getting married, having a baby)
  - Had more than one Marketplace policy covering people in a household
- Check that form is correct and information matches personal records (e.g., coverage start and end dates)
- Includes info about “benchmark” premium used to compute premium tax credit
- People on Medicare, Medicaid, or CHIP do NOT get 1095-A

Advanced Premium Tax Credit (APTC) vs. PTC

APTC

- Determined by the Marketplace during application process
- Based on estimated household income and family size
- Paid to insurance company on behalf of consumer on a monthly basis

PTC

- Determined by tax law with submission of federal tax return
- Based on actual household income and family size
- Paid to consumer (taxpayer) after the end of tax year
**APTC Reconciliation**

- IRS will reconcile total APTC received during the year with amount of PTC that people actually qualify for.
- This is done when people file their income tax return.
- If APTC was < PTC amount on Form 8962, **refund will increase** by the difference or taxes owed will be lower.
- If APTC was > PTC amount on Form 8962, the difference will increase the amount owed and **refund will be smaller** or there will be a balance due.

**People Without Health Coverage (All of Part of Year)**

- If people could afford to buy insurance but chose not to, they’ll have to pay a fee unless qualified for an exemption.
- Fee is based on income and number of months without coverage.
- Either apply to the Marketplace for an exemption or complete Form 8965 with tax return to see if qualified (estimated 4% of Americans).
- Exemptions include: uninsured for < 3 months of year, hardship, incarceration, low income. See list at [https://www.healthcare.gov/fees-exemptions/exemptions-from-the-fee/](https://www.healthcare.gov/fees-exemptions/exemptions-from-the-fee/).

**Fees Related to ACA Non-Payment**

- Refunds (current year or future years) can be attached by the IRS to pay an ACA penalty due to
  - Having taken too much APTC
  - Not having insurance
- If no refund, amounts owed due to ACA penalty and ordinary income tax will be “separated” and not treated the same.
- Congress did not give IRS authority to prosecute or use liens/levies for those who don’t pay health care fee [https://www.healthcare.gov/fees-exemptions/fee-for-not-being-covered/](https://www.healthcare.gov/fees-exemptions/fee-for-not-being-covered/).
About ACA Fee

- People only pay fee for months that they did not have coverage or qualify for an exemption
- Taxpayers will not owe a penalty if they are late in paying ACA fee but interest will still accrue
- Maximum tax penalties apply: $2,448 per person and $12,240 for a family of 5 (2014 figures)
- People are allowed a single period of < 3 months without ACA compliant health insurance (in a year)
- Calculator: http://taxpolicycenter.org/taxfacts/acacalculator.cfm

More About ACA Fee

- Amount due is reported on Line 61 of Form 1040 in the "Other Taxes" section (page 2)
- Form 8962 is complex: includes a matrix with 12 rows and 6 columns (72 boxes) to compute subsidies for each month
- Statements from employers (about workers having adequate coverage) were delayed until 2016 filing year

ACA Related Tax Forms

Form 8962
- For people claiming a tax credit to help pay for coverage through federal or state exchanges
- Used to reconcile ACA premium tax credits with actual income

Form 8965
- For people who qualified for exemptions from ACA coverage
- Instructions also explain how people without coverage should calculate extra tax that they owe
ACA Income Tax Resource
New IRS Publication 5187:
Health Care Law: What’s New for Individuals and Families

Free Tax Preparation
• VITA-Volunteer Income Tax Assistance:
  http://irs.treasury.gov/freetaxprep/

• AARP-Tax Aide:
  http://www.aarp.org/applications/VMISLocator/searchTaxAideLocations.action

• Other (United Way, Senior Centers, etc.)

WHAT THE ACA MEANS FOR FARM AND RANCH FAMILIES AS CONSUMERS

Roberta Ripontella, Ph.D.
Kansas Health Foundation Professor of Community Health
School of Family Studies and Human Services
Kansas State University
K-State Research and Extension
Professor Emerita
University of Wisconsin-Madison
Farmers/Ranchers are like all other consumers

- Same mandate to be insured
- Same consequences for not being insured
- Same protections to purchase insurance
- Same full menu of insurance options
- Same opportunity for financial assistance

ACA: Comprehensive Changes to Health Care Insurance and Delivery Systems

- Changes rules and funding for health insurance, trying to decrease number of uninsured
- Includes incentives for preventive and wellness programs
- Provides money to improve access to providers
- Expects to lower health care costs
- Affects all population groups and communities
- Leaves current private insurance marketplace in place

ACA Goal: Decreasing the Number of Uninsured Americans

- Requiring insurance companies to take all seeking insurance and keep them insured
  - No more cancellation of policies for someone being too sick
  - No more lifetime maximums on the amount paid for care for essential benefits
  - No more annual maximums on the amount paid for care for essential benefits
  - No more exclusions for consumers who have pre-existing conditions or are in high risk occupations
  - No rating based on occupation or other risk factors (only on age and region)
ACA Goal: Decreasing the Number of Uninsured Americans (Continued)

- Consumers are mandated to purchase insurance
- Creates Marketplaces (Exchanges) where consumers can choose among affordable plans, offering tax credits to some
- Builds on current employer-employee fringe benefit insurance arrangement and mandates large employers to offer adequate and affordable plans
- Intended to expand states’ Medicaid programs to include all individuals and families under 138% FPL ($16,243 for individual, $33,465 for family of four)

The Three–legged Stool Approach

- Employer Coverage
- Marketplace/Exchange Coverage
- Public Programs (Medicaid/CHIP/Medicare)

Medicaid Expansion Matters to Farm/Ranch Families

- No asset tests
- Eligibility for financial assistance based on MAGI
- If one’s MAGI is less than 100% FPL
  - Not eligible for financial assistance to purchase in Marketplace
  - Medicaid would be an option
  - Not all states have chosen to expand their Medicaid programs to include this group of adults
The Three-legged Stool Approach

Employer Coverage

Marketplace/Exchange Coverage

Public Programs (Medicaid/CHIP/Medicare)

The Health Insurance Marketplace

• Marketplaces are managed either by the state or federal government
• Are housed at www.healthcare.gov
• People can apply:
  o Online, over the phone, with a paper application, in-person
• A 24-hour call center 1-800-318-2596
• If applying online, there is a chat feature to help someone walk through the application
• Open enrollment is guaranteed through Nov 1 – Jan 31, 2016 (varies every year but late fall)
Qualifying Events Outside of Open Enrollment

• Enrollment all year round for changes in
  • Family status (new member, loss of member)
  • Loss of job based coverage
  • Move out of coverage area
  • Citizenship

• Enrollment must happen within 30 (most employer-based plans) or 60 days after event (Marketplace Plans)

Different Levels of Plans

• 4 Levels of Coverage – Bronze, Silver, Gold, and Platinum
  o Each has a different value for level of coverage
  o Bronze: 60%. Silver: 70%. Gold: 80%. Platinum: 90% (adequacy values, how much plan vs. insured pays)
  o Any costs not covered by the plan are paid by individuals through deductibles, co-pays, co-insurance (not including monthly premium)
Different Levels of Plans

- Each plan level must cover the same set of minimum essential health benefits
  - What differs is amount of cost-sharing required
    - Example: The bronze plan will have the least generous coverage (60%) with more out-of-pocket costs
- No health plan can apply a deductible or any cost-sharing for certain preventive health services

Limits on Out-of-Pocket Costs

There are now limits on out-of-pocket costs:

- $6,850 for an individual and $13,700 for a family (2016 figures, increases each year)
- This limit applies to co-payments and deductibles, but not to premiums
- People with incomes below 250% FPL will get subsidies to lower those limits, based on their income

Action Steps for Families

- Each year
  - Consider if you want to keep the current plan you have.
  - If you purchased through the Health Insurance Marketplace you may have some redetermination procedures.
    - You would have received a notification about this.
    - Pay close attention because you may be automatically enrolled in the same plan OR you may not be and you have to do something to get enrolled again.
Action Steps for Families

- If you didn’t purchase health insurance
  - Consider how penalty affected your 2014 tax liability
  - Consider how it may do this going forward
  - IF you want to avoid the penalty, purchase insurance for 2016 BEFORE April 1 to avoid penalty 2016 tax year
    - Must be insured every year for at least 9 months
  - IF you are purchasing in Marketplace, deadline is Jan 31 (and really is for most private plans as well)

Know Your Plan: There Are Lots of Choices

- Is it bronze, silver, gold, platinum?
  - Differences in premium and out of pocket costs
- Is the Network of providers adequate?
- What beyond Essential Benefits is covered?
- What are the deductible and copays?
- What about the drug formulary?

Consumer Assistance

- Toll-free hotline 1-800-318-2596
- Navigators/Certified Application Counselors
  - Community and consumer-focused nonprofits, professional associations, others
  - Selected and trained by federal government
  - Provide outreach and impartial information
- Agents/brokers
  - Licensed by states, additional ACA training required
Helpful Tools on the Web

- [https://www.healthcare.gov/find-premium-estimates/](https://www.healthcare.gov/find-premium-estimates/)
  - Takes your State and county and gives you the plans in your area and the premium costs
  - Estimates the subsidy you would receive based on annual income and number in family