



KAREN L. SMITH, MD, MPH
Director and State Health Officer

State of California—Health and Human Services Agency
California Department of Public Health



EDMUND G. BROWN JR.
Governor

OFFICE OF AIDS
AIDS DRUG ASSISTANCE PROGRAM

Management Memorandum
Memorandum Number: 2015-07

DATE: April 13, 2015

TO: LOCAL ADAP COORDINATOR AND ADAP ENROLLMENT WORKERS

SUBJECT: UPDATE REGARDING OA-HIPP COVERED CALIFORNIA CLIENT LETTER
AND ADDITIONAL 1095-A INFORMATION

Covered California Client Letter

The letter attached to [Management Memorandum 2015-05](#) was updated to include recent developments regarding the 1095-A. Please note that if clients received excess Advanced Premium Tax Credit (APTC), the excess amount should be entered on line 46 on IRS form 1040, line 29 on Form 1040-A and line 44 on 1040-NR. For your reference, the client letter that was mailed to clients regarding APTC reconciliation is attached to this memorandum.

If clients have already filed their 2014 federal taxes:

- **WITH a 1095-A:** No further action is required, regardless of whether the 1095-A was an incorrect or an amended version. The U.S. Treasury Department has released guidance stating that if individuals have already filed a tax return using an incorrect 1095-A form, they do **not** need to file an amended return though they are allowed to do so. The Internal Revenue Service (IRS) will not pursue the collection of any additional taxes based on updated information in the corrected forms.
- **WITHOUT a 1095-A:** If clients received an APTC in 2014 but did not receive the form 1095-A, clients should log in to their Covered California account using “You’re In” on the homepage to see if a digital 1095-A is in their inbox. If it is not there, clients should complete the [Dispute Form](#) and indicate that no 1095-A was received. Covered California anticipates that all corrected 1095-As will be sent to consumers by the end of April. Once the 1095-A is received, clients must file an amended return using the information on their 1095-A.

If clients have NOT yet filed their 2014 federal taxes and:

- **HAVE a 1095-A:** Clients can file their taxes by April 15th using the 1095-A that they have. Again, clients who file with an incorrect form are **not** required to file an amendment. However, clients may choose to file an amendment once they receive their corrected forms. If clients are entitled to a tax refund, they should file an amended tax return using [Form 1040-X](#). If they are awaiting a corrected 1095-A, they should file an extension using [IRS Form 4868](#) (a Spanish version of the [IRS Form 4868](#) is available). If an extension is granted, they will have until October 15, 2015 to file their return.
- **DO NOT HAVE a 1095-A:** Clients should file an extension by April 15th by filing [IRS Form 4868](#) while pursuing a 1095-A.

Things to Consider:

In order to be able to file an amended tax return, clients must file a tax return or request an extension by April 15th, 2015. If clients owe money to the IRS for back taxes, they will be required to pay the bill in full by tax day, regardless if an extension is granted.

Disclaimer: Final authority on tax filing guidance comes from the IRS. Please visit www.irs.gov for more information.

Helpful Resources

U.S. Treasury Department FAQs regarding Form 1095-A: <http://www.treasury.gov/press-center/press-releases/Documents/FAQs%20CMS%20032015.pdf>

Covered California FAQs regarding Form 1095-A: <http://www.coveredca.com/PDFs/IRS-Form-1095-FAQs.pdf>

IRS FAQs regarding Form 1095-A: <http://www.irs.gov/Affordable-Care-Act/Individuals-and-Families/Questions-and-Answers-Incorrect-Forms-1095A-and-the-Premium-Tax-Credit>

Please share the information in this memorandum with your clients.

If you have any questions regarding anything covered in this memorandum or the letter mailed to clients, please contact Irina Banar at irina.banar@cdph.ca.gov or (916) 449-5882.

Thank you,



Niki Dhillon, ADAP Branch Chief
California Department of Public Health

Enclosures: 2 Pages



KAREN L. SMITH, MD, MPH
Director and State Health Officer

State of California—Health and Human Services Agency
California Department of Public Health



EDMUND G. BROWN JR.
Governor

March 30, 2015

Dear Client:

You are receiving this letter because in 2014 you were co-enrolled in a Covered California health insurance plan and the California Department of Public Health, Health Insurance Premium Payment (HIPP) Program which paid your premiums on your behalf. If you were eligible for an Advanced Premium Tax Credit (APTC), you should have received Internal Revenue Service (IRS) Form 1095-A from Covered California by the end of March. This form indicates how much you received in APTC for the year 2014. If you received an incorrect IRS Form 1095-A, an amended form will be sent to you.

Your 2014 APTC will be assessed for overpayment or underpayment by the IRS based on your actual reported 2014 income.

You must take the following steps to maintain your HIPP Program assistance:

Step 1:

You must file federal taxes. When you do so, you will need to fill out IRS Form 8962 to document the APTC dollar amount received and the actual APTC owed based on income and household size. IRS Form 8962 will be used to indicate whether you owe the IRS money due to an APTC overpayment (you received too much APTC) or will receive a net premium tax credit (refund) due to an APTC underpayment (you did not receive enough APTC). You must file federal taxes in order to avoid IRS penalties. Final authority on tax filing guidance comes from the IRS. For more information, please visit www.irs.gov.

Please note: The U.S. Treasury Department has released guidance that if individuals have already filed a tax return using the initial IRS Form 1095-A, they do not have to take any further action. If individuals receive corrected IRS Form 1095-A forms after filing their taxes, they may file an amended tax return but it is not required.

Step 2:

You must submit your signed 2014 federal tax return and IRS Form 8962 (should be attached to the tax return) during your HIPP re-enrollment (every year during your birth month) or re-certification (six months after your birth month), whichever comes first after your taxes are done (by April 15, 2015). If you submitted a tax extension (IRS Form 4868), you will need to submit the IRS Form 4868 to HIPP and you must provide a copy of your tax

return and IRS Form 8962 by October 15, 2015. Failure to submit the required documents will hinder your HIPP Program assistance.

IRS Refund

If you overestimated your 2014 income, and thus, did not receive enough APTC, you are due a net premium tax credit from the IRS. This means that HIPP overpaid the monthly premium to your health plan; therefore, the net premium tax credit (Line 69 on IRS Form 1040, Line 45 on IRS Form 1040A and Line 65 on IRS Form 1040NR) must be returned to HIPP in the form of a cashier's check or money order, made payable to CDPH HIPP Program, and mailed to:

CDPH HIPP Program
P.O. Box 997426 - MS 7704
Sacramento, CA 95899-7426

IRS Liability

If you underestimated your 2014 income to Covered California, and thus, received too much APTC, you will owe the IRS money. The amount due will be indicated on Line 46 on IRS Form 1040, Line 29 on IRS Form 1040A and Line 44 on IRS Form 1040NR. At this time, HIPP will not be able to assist you with these tax liabilities.

Notify Covered California of Changes

It is critical that you report changes to Covered California throughout the year to avoid underpayment or overpayment of APTC. You must notify Covered California if you: get married or divorced; gain or lose a dependent; have a change in income; or experience other changes that may affect your income and/or household size. To report changes, call Covered California at (800) 300-1506 within 30 days of the change.

Helpful Resources

Please contact your enrollment worker if you have any questions or need assistance in submitting required documents to HIPP. For questions pertaining to Covered California, please visit www.coveredca.com. If you have questions regarding federal taxes, please visit www.irs.gov. If you need help filing taxes, the Volunteer Income Tax Assistance Program offers free tax help. Also, the Tax Counseling for the Elderly Program offers free tax help for *all* individuals. Please visit this website to find a site near you: <http://www.irs.gov/Individuals/Free-Tax-Return-Preparation-for-You-by-Volunteers>.