A Wealthier and Healthier Tax Time
Combining tax prep and affordable health insurance

RuFES ReFresher Webinar
Monday, November 18, 2013
1:00 – 2:30pm Eastern
Welcome!

• Since 2009, we have been offering a series of *Rural Family Economic Success (RuFES) Webinars*.

• The webinars are open to alumni of RuFES peer-learning institutes, site visits, conference sessions, your colleagues and friends – *and to anyone else who wants to participate!*

• Each webinar is being recorded and archived, so you – and all your friends – can watch and listen again at your “leisure.”
Today’s Agenda!

• RuFES Action Framework and why we care.

• Quick overview of the Earned Income and Child Tax Credits and what’s new.

• Affordable Care Act basics – and why it can relate to your EITC/CTC efforts.

• A story from central Texas of how to quilt tax prep and health insurance sign-up services.
Today’s Presenters

Janet Topolsky
Director
Aspen Institute Community Strategies Group

Tara Straw
Senior Policy Analyst in the Health Policy Department
Center on Budget and Policy Priorities

Elizabeth Colvin
Insure Central Texas Director
Foundation Communities

Travis Green
Program Associate
Aspen Institute Community Strategies Group
Notes on participation

• You’re Muted. The Webinar Honcho has you all muted. This minimizes barking dogs, annoying music, and sneezes.

• Questions?
  
  – Clarifying Questions During the Presentations: See that little Questions Box in your Webinar Control panel? If a presenter says something you just don’t get, please type in your question and send it.
  
  – Questions During the Webinar and After: We’ll also stop specifically for your questions now and then. You can use the Questions Box or, so those not on the Webinar can benefit, Tweet them! Use #RuralFamilies or note us in the message (@AspenCSG). If we don’t know the answer right now, we will find someone who does and get back to you!

• Technical Problems? Use the Questions Box if you are having technical problems. If it’s really bad, email or call Kristin Feierabend at csg@aspeninst.org or 202-736-5833. She is standing by.
Some quick questions...
Our Work is Built on the…

The RuFES Framework

**Earn It**
- Working families earn a living that allows them to survive, thrive and raise their children in their community.

**Keep It**
- Working families have access to and make good choices that safeguard their family income and lower their cost of living, forging stable and predictable financial lives.

**Grow It**
- Working families accumulate and maintain assets that gain value and advance family and community prosperity over time.
Today’s Focus Goals

Tax preparation and outreach campaigns target these goals:

<table>
<thead>
<tr>
<th>Keep It:</th>
<th>Working families have access to and make good choices that safeguard their family income and lower their cost of living, forging stable and predictable financial lives.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Keep It 2:</td>
<td>Families use reasonably priced services, accounts, and products for their savings, checking and other financial transactions.</td>
</tr>
<tr>
<td>Keep It 5:</td>
<td>Families file tax returns annually.</td>
</tr>
<tr>
<td>Keep It 6:</td>
<td>Families secure all tax benefits for which they qualify, starting with those that reward work – the Earned Income Tax Credit and the Child Tax Credit.</td>
</tr>
</tbody>
</table>
## Today’s Focus Goals

**Affordable health insurance campaigns target these goals:**

<table>
<thead>
<tr>
<th>Earn It:</th>
<th>Working families earn a living that allows them to survive, thrive and raise their children in their community.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earn It 8:</td>
<td>Workers hold jobs that pay wages and offer benefits that support a stable family life.</td>
</tr>
<tr>
<td>Keep It:</td>
<td>Working families have access to and make good choices that safeguard their family income and lower their cost of living, forging stable and predictable financial lives.</td>
</tr>
<tr>
<td>Keep It 7:</td>
<td>Families know about and take full advantage of the wide range of available public and private services that help reduce their cost of living.</td>
</tr>
<tr>
<td>Keep It 8:</td>
<td>Families have ready access to affordable basic goods and services – food, clothing, housing, household goods, and health care.</td>
</tr>
</tbody>
</table>
AGENDA: A Wealthier and Healthier Tax Time

1. RuFES Action Framework
2. EITC/CTC Basics
3. Affordable Care Act / Tax Connection
4. Example From Central Texas
What are EITC and the Child Care Tax Credit?

EITC is a *refundable* federal tax credit for low-income working families that financially rewards work. Like EITC, CTC is a refundable tax credit – so even those who owe no taxes can get a refund.

- EITC first enacted in 1975 under President Ford. It has been renewed or expanded with broad bipartisan support in every subsequent administration.
- The *largest anti-poverty program* in America – far larger than welfare (TANF).
- It helps low-wage full-time families earn enough to *meet basic needs*.
- It *pumps billions into economies* of low-income communities – especially in rural areas.
- An underutilized rural community development opportunity.
Why are EITC awareness and assistance campaigns so important?

It is estimated that only four out of five individuals who qualify for the Earned Income Tax Credit actually claim it.

Source: eitc.irs.gov
Why are we talking about it here?

• Claiming EITC and CTC kept 1.4 million rural Americans, including 700,000 children, above the poverty line in 2011 (CBPP)

• Still, families leave billions in EITC unclaimed (New America Foundation)

• This hurts not only the families, but the communities they live in.

• The additional income from EITC can reduce dependence on other programs (CFED)
Why do some people miss out?

They do not apply!

– They don’t file taxes.
– They don’t know about EITC or CTC.
– They fear they will owe taxes.
– They have a language barrier.
– They may know but (incorrectly) fear losing eligibility for other benefits.
Any changes to who can claim the EITC this year?

• For 2013, both earned income and adjusted gross income (AGI) must each be less than:
  – $46,227 ($51,567 married filing jointly) with three or more qualifying children
  – $43,038 ($48,378 married filing jointly) with two qualifying children
  – $37,870 ($43,210 married filing jointly) with one qualifying child
  – $14,340 ($19,680 married filing jointly) with no qualifying children

• Tax Year 2013 maximum credit:
  – $6,044 with three or more qualifying children
  – $5,372 with two qualifying children
  – $3,250 with one qualifying child
  – $487 with no qualifying children

• Investment income must be $3,300 or less for the year.

Source: eitc.irs.gov
Any changes to who can claim the EITC this year?

The **American Taxpayer Relief Act (ATRA)** of 2012 extended – through 2017 – some improvements that previous legislation made in the credits.

Extended elements include:

- EITC added a credit of up to $655 that families with three or more children may receive.
- Reduced the tax increase that some married couples receive by allowing them to receive larger benefits at modestly higher income levels.
- Renewed CTC’s expansion from $500 per child to $1,000 – and made it partly refundable.

**Source:** Center on Budget and Policy Priorities
Thankfully, you don’t have to start from scratch to develop a successful EITC outreach or assistance campaign. Many organizations provide ready-made materials to help you develop and promote your tax-time efforts!

Find existing tax sites near you:  
s.irs.treasury.gov/freetaxprep/

eitc.irs.gov
tax-coalition.org
eitcoutreach.org
eitcplatform.org

And, visit RuFES.org for links to more resources!
Questions?
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Affordable Care Act / Tax Connection Overview

Tara Straw
Senior Policy Analyst in the Health Policy Department
Center on Budget and Policy Priorities
A Wealthier and Healthier Tax Season
Health Insurance is Critical to Financial Stability

• Medical bills are the leading cause of **bankruptcy**
  – 35 million adults will be contacted by a collections agency
  – 17 million adults will receive a lower credit rating
  – 15 million adults will empty their savings
  – 10 million adults will be unable to pay for basic necessities

• **Compared** to people with private insurance, **uninsured** people are:
  – 4x more likely to postpone care
  – 6x more likely to go without needed care

Sources: NerdWallet; Kaiser Family Foundation
People in rural areas are:

- Less likely to be offered insurance at work
- More likely to be self-employed
- More likely to have low incomes

Source: CBPP analysis using 2012 Census Bureau data
ACA Provides Assistance to Help People Gain Coverage

- **Medicaid expansion** to individuals and families with income up to 133% FPL*
- States decide whether to expand
- **13 million** newly-eligible enrollees by 2023

- **Tax credits for premiums paid** by families with income 100–400% FPL *
- Available in every state
- **19 million** will use the APTC† by 2023

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* FPL: Federal Poverty Level,

† APTC: Advanced Premium Tax Credit
Timeline for Enrollment and Opportunities for Involvement in 2014

- **10/1/13 – Open Enrollment Began**
- **1/1/14 – New Coverage Begins**
- **3/31/14 – Open Enrollment Ends**
- **2013**
- **Marketplace Open Enrollment**
- **TY2013 Tax Season**
- **2014**
- **4/15/14 – End of Tax Season**
Outreach And Application Assistance: Key to Helping Consumers Enroll

- Limited knowledge about new options
- Negative feelings about enrollment

Source: Michael Perry & Tresa Undem. *Informing Enroll America’s Campaign Findings from a National Study*. February 2013
In 2014:

- New opportunities for health coverage
  - Medicaid
  - Subsidized private health insurance
  - Assist with or refer for enrollment

- New requirement to have insurance coverage

- New penalty for failure to obtain coverage
VITA Sites: Important to Enrollment in 2014

• Families in the VITA income range will receive the largest health insurance premium subsidies
  – Average Exchange subsidy will be $7,900 by 2023

• Reliance on tax definitions

• Trusted with private information

• Paid preparers are investing in health care enrollment

• In 2015, clients will need help:
  – reconciling their tax credits for health insurance premiums
  – certifying their insured status – or calculating their penalty if they are not insured
What Roles Can VITA Sites Play?

- Become a Certified Application Counselor organization
  - 5-hour online training
  - Or recruit one or more to help at your site!
- Provide informal application assistance
- Share tax expertise with health care assistors
- Health care check-up for current clients
- Robust screening and referral network
Coverage Opportunities in 2014

Medicaid and CHIP coverage, based on 2012 eligibility levels in a typical state
Source: Kaiser Commission on Medicaid and the Uninsured
Insurance Requirement to Make Market Reforms Work

• Beginning January 1, 2014, individuals must have health insurance coverage or pay a tax penalty

• Most existing coverage will satisfy the mandate (e.g., employer-sponsored insurance, Medicare, Medicaid)

• Exemptions provided to certain groups, including people who can’t afford coverage
Exemptions from the Individual Responsibility Penalty

**Exemptions Granted by the Marketplace**
- Religious conscience
- Hardship
  - Difficulty paying bills
  - State failure to expand Medicaid
  - Unaffordability of insurance

**Exemptions Granted by Either**
- Indian tribe membership
- Incarceration
- Health care sharing ministry

**Exemptions Granted through Tax Filing**
- Income below filing threshold
- Insurance is unaffordable
- Undocumented resident
- Short coverage gap (<3 months)
Premium Tax Credits: The Basics
Criteria: Who is Eligible for Premium Tax Credits?

- Available for US citizens and legal immigrants with income between 100 and 400% of poverty (FPL)

<table>
<thead>
<tr>
<th>Family Size</th>
<th>100% FPL</th>
<th>400% FPL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$11,490</td>
<td>$45,960</td>
</tr>
<tr>
<td>4</td>
<td>$23,550</td>
<td>$94,200</td>
</tr>
</tbody>
</table>

- Must *not* be eligible for:
  - Medicare, Medicaid, or most other public coverage
  - Employer coverage that meets certain requirements

- Must **file a return** for the year in which credit is used

- If **married**, must file a joint return
How Is the Amount of the Tax Credit Calculated?

Credit amount

\[ \text{Cost of benchmark plan} - \text{Expected premium contribution} \]

- **Benchmark plan**: Second-lowest cost silver plan, as determined by the Marketplace

- **Expected premium contribution**: A percentage of income someone is expected to pay, based on a sliding scale
What Is the Expected Premium Contribution?

The graph illustrates the expected premium contribution as a percentage of income relative to household income expressed as a percentage of the Federal Poverty Level (FPL). The premium contribution increases with higher income, reaching 10% of income for household incomes exceeding 300% of the FPL.
John:
Age: 24
Plan Cost: $3,018

Example 1: 200% FPL
Income: $22,980
Expected Contribution:
• Share of income: 6.3%
• = Amount: $1,448
Premium Credit: $1,570

Example 2: 150% FPL
Income: $17,235
Expected Contribution:
• Share of income: 4%
• Amount: $689
Premium Credit: $2,329
John:
Income: 22,980 (200% FPL)
Expected Contribution: 6.3% or $1,448

<table>
<thead>
<tr>
<th>Age</th>
<th>Premium</th>
<th>Premium Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>24</td>
<td>$3,018</td>
<td>$1,570</td>
</tr>
<tr>
<td>64</td>
<td>$9,054</td>
<td>$7,606</td>
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Contribution
Federal Premium Credit

- Age 24: Premium = $3,018, Premium Credit = $1,570
- Age 64: Premium = $9,054, Premium Credit = $7,606
What Happens When Estimated Income for the Year is Different from Actual Income?

- Final amount of credit based on *actual* income

- At tax filing time, advance payments received are reconciled with actual credit amount
  - If income increases, may have to repay
  - If income decreases, may get more credit at tax time

- To avoid repayment, can reduce the amount of advance payment received during the year
### Cap on Amount of Advance Credits that Must Be Paid Back

<table>
<thead>
<tr>
<th>Income as percentage of poverty line</th>
<th>Annual income for an individual (2013 $)</th>
<th>Single taxpayers</th>
<th>Annual income for a family of four (2013 $)</th>
<th>Married taxpayers filing jointly</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 200%</td>
<td>Under $22,980</td>
<td>$300</td>
<td>Under $47,100</td>
<td>$600</td>
</tr>
<tr>
<td>At least 200% but less than 300%</td>
<td>$22,980 - $34,470</td>
<td>$750</td>
<td>$47,100 - $70,650</td>
<td>$1,500</td>
</tr>
<tr>
<td>At least 300% but less than 400%</td>
<td>$34,470 - $45,960</td>
<td>$1,250</td>
<td>$70,650 - $94,200</td>
<td>$2,500</td>
</tr>
<tr>
<td>400% and above</td>
<td>$45,960 and higher</td>
<td>Full reconciliation</td>
<td>$94,200 and higher</td>
<td>Full reconciliation</td>
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In 2014:

- New opportunities for health coverage
  - Medicaid
  - Subsidized private health insurance
  - Assist with or refer for enrollment

- New requirement to have insurance coverage

- New penalty for failure to obtain coverage
Contact Info

www.centeronbudget.org

www.healthreformbeyondthebasics.org

• Tara Straw, tstraw@cbpp.org
STRENGTHENING RURAL FAMILIES

Questions?
AGENDA: A Wealthier and Healthier Tax Time

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insure
CENTRAL TEXAS
A PROGRAM OF FOUNDATION COMMUNITIES
Foundation Communities’ Financial Programs facilitate a pathway to economic stability for individuals and families of limited resources through education, optimization of resources, and support as they work towards financial goals.
Affordable Care Act
Outreach & Education

- Community Coffee Presentations
- Flyer Distribution
- Mailing to 2013 tax center clients
- Ask Everyone for Referrals
- Television, Radio and Print Interviews:
  
  Be the go-to resource for ACA and tax stories.
ACA Staffing

✓ Program Coordinator/Trainer/Manager
✓ Seasonal media/marketing/outreach coordinator
✓ Site Manager (dual role managing both ACA and Tax)
✓ Volunteers – Certified Application Counselors
Online Training for Certified Application Counselors (CACs)

Six required modules:

1) Training Overview
2) Standard Operating Procedures Manual
3) Assistance in Individual Marketplace
4) Assistance in the Individual Marketplace Exam
5) Privacy and Security Standards
6) Privacy and Security Standards Exam
Online Training for CACs

Six optional but highly recommended modules:

1) Eligibility and Enrollment
2) Eligibility and Enrollment Exam
3) Health Insurance Basics
4) Health Insurance Basics Exam
5) Marketplace Basics
6) Marketplace Basics Exam

InsureCentralTexas.org
Supplemental Training for CACs

Three classroom hours:

1) Review of ACA basics and FAQs – 1 hour
2) Site procedures
3) How to estimate income for 2014
4) Insurance plan selection process – how to assist a customer with narrowing the choices without making any specific recommendations or suggestions.

Plus: Shadow experienced volunteer on first shift.
ACA & EITC

✓ Tax volunteers understand tax terms on the ACA Marketplace application:
  - Dependents
  - Filing status
  - Income
  - Adjustments to income

✓ EITC & Premium Tax Credit under ACA are refundable credits and tax volunteers understand what that means

✓ Experience explaining complex topic (taxes) in easy-to-understand terms

InsureCentralTexas.org
Opportunity for New Tax Clients

• I see you paid someone to prepare your taxes.
• You can come here and we’ll do it for free.
• Plus we can assist you with updating your income estimate for 2014 on your Marketplace application if your income has changed.

Why wait to talk about the penalty in 2015 – when you can talk about the benefits in 2014?

• Do you have health insurance coverage?
• Are you interested in getting healthcare coverage?
• Here’s how it works...
ACA & EITC Challenges

Volunteers: Having enough to cover both EITC and EITC

- The Good News: Programs will likely have very different busy and slow times.

There is no 4012, but we have Tara and other tools!

Estimating Income & Evaluating Health Insurance Plans

Process is important!
Enroll with GLEEE!

Step 1: Greet
Step 2: Listen
Step 3: Educate
Step 4: Estimate
Step 5: Enroll
Step 6: Evaluate
Contact info:

Elizabeth Colvin
elizabeth.colvin@foundcom.org
STRENGTHENING RURAL FAMILIES

Questions?
Peer-Learning Opportunity
Thanks for joining us today!

Go to RuFES.org to sign up for Action Alerts, download resource guides, and to see videos of this and other webinars!

And keep tweeting your ACA-VITA questions: #RuralFamilies, @AspenCSG or email them to csg@aspeninst.org.