

Communicating to Consumers
1095-A Message Guidance
January 2015

The Robert Wood Johnson Foundation recently commissioned focus groups with individuals who purchased marketplace health coverage last year and will need to report it on their 2014 tax return. This document outlines key message insights from the research and provides sample messages to help consumers understand the process and instructions they must follow for the first time this tax season.

WHERE CONSUMERS ARE TODAY

Many have a general understanding of the tax credit and recall that they estimated their income when they first received the tax credit. Most consumers, though not all, understood that they had received a tax credit when they applied for coverage and that this credit helped reduce the cost of their monthly premium. Overall, there seems to be a general understanding of how the credit works. Many remembered estimating their income at the time of their application and that they might have to take some steps at tax time.

While they are unaware of this new process, most are not deterred. Overall, no one is saying that this process will make them drop coverage, not take the tax credit, or even change how they take it. In fact, several people specifically noted that they needed the savings throughout the year to afford their plan.

Many plan to rely on their tax preparer. While they do not know the details of the new statements or forms needed to file their return, most are not surprised that they will need to do something and will continue to rely heavily on their tax preparer. In fact, most respondents use tax preparers or software (H&R Block, independent preparers, accountants, or Turbo Tax) and expect them to know the details of this new process. Not many people seemed interested in free tax assistance as most were inclined to prepare their returns in the same they have always done.

Many are attached to their coverage and don't want to lose it. They rate their plans favorably, have used their coverage, and don't want to go back to being uninsured. While the tax process may not be liked, most accept it as something they'll need to do to keep their coverage.

Certain individuals are more concerned/frustrated. Those who think of the tax credit as a discount that they do not have to pay back, have fluctuating incomes, or are dissatisfied with their plans are more likely to feel "deceived."

KEY MESSAGE INSIGHTS

- ✓ **Use straightforward language and information.** Language that is factual and direct is most effective. Make information easily digestible—give them context followed by instructions. People want to know what they need to do and how to do it. They want practical information and don't need to hear about how much other people saved or the fact that people like their coverage.

***Sample Message:** Millions of people who purchased health insurance last year got financial help to lower the cost of their premiums. But to benefit from the tax credit, you need to report it when you file your taxes every year.*

- ✓ **Explain what is new this year, what people need to do, and where they can get help.** People need an explanation of the process—the new forms they will need to use, the information they contain, and how to use them. The new forms (and their numbers) are confusing, but when explained in terms of how they

relate to one another (use the 1095-A to complete your 1040 and attach the 8962 if you got a tax credit), it becomes a set of directions that can be followed. Let people know when and where they will get the 1095-A (in their online account, by mail) and 8962 (IRS.gov) so they can plan to file their taxes with this information. Many also expressed a desire to know if the IRS offers payment plans for money owed.

- ✓ **Remind people that their tax credit is based on their estimated income.** Most people remember estimating their income and this helps make the case for the need to reconcile information with their tax return. When you describe this process, people think it makes sense and seems “fair” that there would be implications if you estimated incorrectly.
- ✓ **Make it clear that people need to wait for their 1095-A and use the correct version when filing their taxes.** People react negatively to the idea of filing an amended return—making sure people know when to expect the 1095-A and reinforcing that they need it in order to file their return is very important. The earlier they can have access to this information, the better. If you have an option for them to access it online before they receive it in the mail, let them know. Make sure that people know what to do and where to go to correct information they believe is wrong on their 1095-A, and underscore the need to use the “corrected” form when filing their return.
- ✓ **Reinforce that you can still get a tax credit and might get money back.** Most understood that there was a possibility of owing money, but no one knew that they could get money back if they had overestimated their income. This intrigued people. They also did not know they could still apply for a tax credit if they hadn’t done so at the time of their application. While it’s important not to guarantee money back, incorporating these points alongside the possibility of owing additional dollars is helpful.
- ✓ **Communicate through multiple channels.** Consumers expressed an interest in getting information through a variety of sources, including email, letters, websites, live chats, the news, and tax preparers. Information should appear official and note the importance of the enclosed tax information so that they pay attention to it.

FUTURE STRATEGIES TO CONSIDER

- ✓ **Frequent reminders to update information.** Let people know that they can, and should, update their information with the marketplace when they experience a life change in order to avoid surprises at tax time. Frequent reminders throughout the year could be helpful in encouraging people to update their information.

Sample Message: *Your health insurance tax credit is based on your income and household size. If that changes, it impacts the amount of credit you receive. Make sure you keep your information up to date with MARKETPLACE.*

- ✓ **Increase outreach to those with fluctuating incomes.** Partner with organizations that reach those who likely hold multiple jobs (artists, freelancers, seasonal workers, etc.), as they are most concerned about estimating their income for the coming year. There may be need for more frequent targeting/special services to help these people better estimate and understand that they should come back to the marketplace to update their information.

SAMPLE LANGUAGE
Important Information to Help You File Your Taxes

Last year, X RESIDENTS purchased quality, affordable health coverage through MARKETPLACE, and most got a tax credit to lower the cost of their monthly premium. Now that tax season is here, you will need to answer a few questions about your health insurance when you file your taxes. Because you or someone in your family enrolled in health insurance from MARKETPLACE last year, you'll receive a new statement—called a 1095-A—that includes all the information you need about your coverage to file your return. Here's what you need to know:

WHAT DO I NEED TO DO?

1. Look for your health insurance statement—called a 1095-A— in the mail and check to make sure the information is correct.
 - Your 1095-A statement will come from MARKETPLACE by (January/early February). You can also download it from your account at MARKETPLACE WEBSITE starting on DATE. You will use this like a W-2 to complete your return. The 1095-A will include things like the months you had coverage, the amount of the tax credit you received each month, and the amount of the premium you paid.
 - Check the information on your 1095-A form to make sure everything is correct. If you see a difference in things like the dates you had health coverage or who in your household is covered by your plan, visit MARKETPLACE WEBSITE or call to get a corrected form.
 - **If you already filed your taxes before you received your 1095-A, you may need to file an amended return to prove your health coverage for 2014.**
2. You must file a tax return with a 1040A or 1040 form. You cannot use a 1040EZ if you purchased health insurance through MARKETPLACE.
3. If you got a tax credit for health insurance, you must fill out a new form called Form 8962. You can also fill out this form if you want to apply for a tax credit now.
 - Form 8962 will help you calculate the final amount of your tax credit and is submitted as an attachment to your 1040 form. You can download Form 8962 at IRS.gov.
 - When you signed up for health insurance, you had to estimate your income for 2014. Your estimated income determined the size of your tax credit. If you had any changes in things like your income or household size throughout the year, it could impact the final amount of your tax credit. You may get a refund if you overestimated your income. You may owe money back if you underestimated your income.

WHERE CAN I GET HELP?

- For more information about your 2014 coverage, visit MARKETPLACE or call XXX-XXX-XXXX.
- If you have questions about your taxes, need to download forms, or want to learn more about the fee for not having health insurance, visit IRS.gov or X.gov.
- Many people who signed up for health insurance through MARKETPLACE can get free tax assistance. For more information, visit IRS.gov/freefile or IRS.gov/VITA.