



Talking to OEP1 Consumers about Tax Filing Responsibilities

Insights from Focus Groups

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Goals.

1. Better understand awareness and comprehension of tax credits.
2. Explore expectations and awareness about tax responsibilities.
3. Test written materials describing tax responsibilities.
4. Gauge reaction to responsibilities- plans for filing taxes, impact of having to owe money, etc.

Methods: 4 Focus Groups.

City	Date	Time	Composition
Philadelphia, PA	January 7	5:30-7:00pm	HealthCare.gov QHP beneficiaries; mix of race and age; <400% FPL
		7:15-8:45pm	HealthCare.gov QHP beneficiaries; mix of race and age; <400% FPL
Chicago, IL	January 8	5:30-7:00pm	HealthCare.gov QHP beneficiaries; mix of race and age; <400% FPL
		7:15-8:45pm	HealthCare.gov QHP beneficiaries; mix of race and age; <400% FPL

New Context:

Many are now attached to having health insurance.

- ✓ Almost all have used their coverage.
- ✓ They feel relieved, have peace of mind.
- ✓ Many give high ratings of their plan.
- ✓ They are paying their premiums, seem affordable.



Many want to ensure they keep coverage. Tax responsibilities are worth it.

Some knowledge of tax credit.



Most know whether they got a tax credit (or ~~%discount~~+or ~~%financial help~~) when they signed up for insurance.

Most recognize the term and adopt it in conversation.



Many do not know they should report any life changes during the year that might affect their tax credit.

Do not know they can adjust their tax credit amount.

Some do not connect to tax responsibilities.

Do you have to do anything differently at tax time?

“Not sure.”

- ✓ Most haven't thought about it yet or know what they have to do.
- ✓ A few have and are concerned about what they might owe.
- ✓ A few do not realize or understand why their health insurance relates to taxes (thought it was a subsidy or like earned income tax credit or discount). They tend to be anxious and feel they might have been deceived.

Overall reaction to hearing about responsibilities:

“Oh okay.”

In three of the four groups, the tone of this conversation is practical, not emotional.

While many were not aware of extra things to do at tax time, most are not shocked or angry.

The exception are those who either thought the tax credit was more like a subsidy or have had negative experiences with their coverage or costs.

**Written
information is
informative
and clear for
many.**

After reading, most understand that they

- ✓ have to do something different this year
- ✓ will be getting a new statement (1095-A)
- ✓ have to use a new form (Form 8962)
- ✓ cannot use a 1040 EZ

They have some suggestions for tweaking and addressing unanswered questions.

Best way to get...

Information

#1 Tax preparers/tax preparation software.

#2 Everywhere: Mail, email, YouTube, in-person, websites, TV, news, etc. (varies a lot by person).

Help with questions

#1 Tax preparers/tax preparation software.

#2 HealthCare.gov, IRS.gov, or phone number for either



Most say they will rely on a tax preparer or tax software to file taxes—as they typically do.

The potential impact of new tax responsibilities?

1. Most say they will not change how they do taxes (through preparer or software). The process is manageable for them: look out for the 1095-A and give to preparer or answer questions from software (which will tell them about the new form).
2. When presented with factual, neutral information, most of these participants would not be deterred by tax responsibilities. They value their coverage and think it is worth it.
3. Owing money back- if not too much- will not cause these people to drop their coverage. If they can't afford it, a majority would want to do a payment plan and keep their coverage.
4. A few segments may be more vulnerable to concern about tax obligations: people who may have underestimated their income (e.g., artists, consultants, business owners), those who thought the tax credit was a subsidy, those who are dissatisfied with their plans, and people who find their plans unaffordable.

Message Takeaways

- 1. Use straightforward language and information.** Language that is factual and direct is most effective. People want clear information about what they need to do and how to do it.
- 2. 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.
- 3. Remind people that their tax credit is based on their estimated income.** This helps make the case for reconciliation at tax time. When you describe this process, people think this makes sense and seems fair+that there would be implications if you estimated incorrectly.
- 4. Make it clear that people need to wait for their 1095-A and use the correct version when filing their taxes.** People wanted this information as soon as possible, as many file early.
- 5. Reinforce that you can still get a tax credit and might get money back.** While it's important not to overpromise, this idea is new and intriguing and should be coupled with the possibility of owing additional dollars.