



**Nevada Office of HIV
Ryan White Part B Program
Advance Premium Tax Credit Reconciliation Policy**

Scope

The premium tax credit process applies to subrecipients that provide health insurance premium assistance to clients who receive Ryan White Part B (RWPB) Program funds, which includes AIDS Drug Assistance Program, Nevada Medication Assistance Program (ADAP/NMAP) funds, for premium payments; here unto referred to as the Program.

Background

The premium tax credit is a tax credit that the Program requires all eligible persons who buy health insurance through a state or federally facilitated Marketplace/Exchange to claim in its entirety. The premium tax credit can be received in one of two ways: 1.) advance payments of tax credits paid directly to the health insurance company to reduce a monthly insurance premium; or 2.) as a lump sum payment provided at the end of the year when filing federal income taxes.

The Program requires all eligible persons, who receive health insurance premium payment assistance, to receive premium tax credits in advance to lower the health insurance plan's monthly premium they are required to pay.

At the end of a calendar year, filing federal income taxes helps the Internal Revenue Service (IRS) and Health Insurance Marketplace determine if an individual enrolled in a Marketplace plan received the correct amount of premium tax credits. If the individual received too many premium tax credits, then the individual may owe money on their federal income taxes to the IRS, called a liability, to pay back the overpayments of the premium tax credits. If the individual received too few premium tax credits, then the individual may receive money from their federal income taxes from the IRS, called a refund.

Note: When a client, who receives health insurance premium payment assistance from the Program, receives premium tax credits inadequate to cover the premium cost, the Program must pay higher monthly premiums to the client's Marketplace health insurance company.

As a result, when the client files federal income taxes they may receive a refund from the IRS.

The Program is then required to vigorously pursue part of the client's tax refund that was due to overpayments of the health insurance premium.

Individuals may be eligible for a premium tax credit if they meet **ALL** of the following requirements:

- Buys health insurance through the Marketplace/Exchange
- Is **NOT** eligible for coverage through employer or government plans (e.g. Medicare and Medicaid)
- Is between 100-400% of the Federal Poverty Level (FPL)
- Cannot be claimed as a dependent by another person
- Files federal income taxes on IRS Form 1040
 - Clients are **REQUIRED** to file IRS Form 1040 (federal income tax) annually to reconcile advance premium tax credits even if you would not normally be required to files taxes due to income or age.



**Nevada Office of HIV
Ryan White Part B Program
Advance Premium Tax Credit Reconciliation Policy**

Instructions

Annually, Access to Healthcare Network (AHN) Health Insurance Specialists will assist clients with Marketplace plan selection into a Program approved Marketplace plan.

- Issue a *Letter for Individuals Enrolled in a Federally/State Facilitated Marketplace Health Plan* at client's Annual Recertification; see **RWPB Form 16-13**.

Outside of the Open Enrollment Period, Eligibility and Enrollment Specialists or Health Insurance Specialists (HIS) will periodically review the Marketplace Special Enrollment Periods to see if the client is eligible to join and/or switch plans outside of the Open Enrollment Period; see **RWPB Policy 16-12**. If any change in circumstances occur, it is recommended that clients or Eligibility and Enrollment Specialists notify AHN Insurance Specialists of any changes that could affect premium tax credits. *Changes in premium tax credits can affect clients' tax refund or liability. Clients can also directly notify the Marketplace of changes, but it may delay payment processing of insurance premiums.*

During tax season, January 31 through April 15:

The Program, in partnership with AHN, will draft and send clients, who receive premium payment assistance, a letter informing them that they must file federal income taxes prior to April 15th each year. The letter will also include instructions and information for clients to send a copy of their IRS federal income tax return to the Program office and ways to pay the Program for premium overpayments that resulted in a client tax refund.

All subrecipients should provide clients in need of tax assistance with information regarding free/low cost income tax assistors available statewide, see **RWPB Resource 16-16**.

Eligibility and Enrollment Specialists should encourage clients to send copies of relevant tax documents (refer to list of documents below) to the Program at NVRWPB@health.nv.gov.

The Program will review appropriate tax documents to see if the client has a premium tax refund or liability.

- If the client is issued a tax refund due to a premium tax credit overpayment, the Program will inform the client that payment must be made to the Program for the portion of the refund due to the premium overpayment.
- *If the client owes a tax liability, the Program will inform the client that the Program can make a payment to the IRS for the portion of liability due to a premium underpayment. The client will still be responsible for any remaining tax liability payment.*
- **Under no circumstances can Program funds be used to pay the federal penalty for not having health insurance coverage, called the *minimum essential coverage fee*, or any other tax liability owed by the client that is not directly related to the reconciliation of the premium tax credits.**



**Nevada Office of HIV
Ryan White Part B Program
Advance Premium Tax Credit Reconciliation Policy**

IRS Tax Documentation

Appropriate tax documentation that shows the client's net premium tax credit can be found on the following forms.

**Please keep in mind that if clients file taxes electronically, IRS Form 1040 will automatically include a completed IRS Form 8962. If clients file taxes manually, clients will have to include IRS Form 8962 with their Form 1040 and manually fill in IRS Form 8962 using IRS instructions.

- [IRS Form 1040- Federal Income Tax Return](#)
 - Client received more premium tax credit than allowed and owes money: "Excess advance premium tax credit repayment" (tax and credits section)
 - Client received less premium tax credit than allowed and is due a refund: "Net premium tax credit" (payment section)
 - See Appendix A
- [IRS Form 8962- Premium Tax Credit](#)
 - Client received more premium tax credit than allowed and owes money: "Excess advance premium tax credit repayment" (line 29)
 - Client received less premium tax credit than allowed and is due a refund: "Net premium tax credit" (line 26)
 - See Appendix B

Documentation of Reconciliation Actions

Documentation of vigorous pursuit is a state and federal requirement of the Program. **Two attempts must be made to contact the client, to pursue any excess tax refund due to the overpayment of health insurance premiums.** All efforts to contact clients will be recorded in CAREWare within the client's file. All contact attempts must be completed by July 31st; exceptions will be made for clients who file taxes in April or request an extension from the IRS and notify the Program. Each contact attempt should not be made within the same business week, but rather spaced apart to give clients the ability to respond.

Procedures

1. Not later than January 31 of each year, clients will be notified, that federal income taxes must be filed by April 15th for the previous tax year. Information will be provided for free/low-cost tax filing assistance, see ***RWPB Resource 16-16***. The information will also remind clients of the need to send a copy of their filed IRS Form 1040 and 8962 to the Program for review. Notifying the client of this information will count as **vigorous pursuit attempt #1**.
 - CAREWare will be updated to reflect the method of contact and the date of notification.
2. Within 60 calendar days of filing IRS federal income taxes, Program assisted clients are required to provide proof of tax documents to the Program. The Office of HIV Program Officer I will receive clients' tax documents and review the documents for premium tax credits to determine if clients have excess premium tax credits and therefore owe money to the Program, or if clients have net premium tax credits and therefore the Program will pay a tax liability to the IRS.
 - CAREWare will be updated to reflect the date the Program received tax documents and documents will be uploaded into the system.
3. The Program will notify the client of the outcome of the tax document review and how much money is either owed to the Program by the client because of a tax refund or owed to the IRS by



**Nevada Office of HIV
Ryan White Part B Program
Advance Premium Tax Credit Reconciliation Policy**

the Program for a tax liability. Notification will include information about the timeline to pay the Program, if a tax refund was received by the client.

- CAREWare will be updated to show the date the client was notified, the method of contact, the outcome of the review, and the amount owed.
4. If the client has not sent in payment for a tax refund owed, AHN will make another attempt to receive payment from the client. This will count as **vigorous pursuit attempt #2**.
 - CAREWare will be updated to reflect the date and method of contact for each attempt.
 5. After two attempts at contacting the client, the documentation of vigorous pursuit is complete and no more action needs to be taken.

Refund owed to the client by the IRS

The Program will notify the client of the outcome of the tax document review and how much money is either owed to the Program by the client because of a tax refund or owed to the IRS by the Program for a tax liability. Notification will include information about the timeline to pay the Program, acceptable method of payment, and where to send the payment. The Program will track all payments to the IRS and from the client for compliance with HRSA Policy Clarification Notice (PCN) 14-01.

*Note: If a tax refund was received by the client and a HIP overpayment determination was made, the client will be requested to provide payment within **90 calendar days** upon receipt of notice. Clients can request a **Financial Hardship Waiver** by writing a letter to the Program with an explanation of the financial hardship. All documentation is required to be uploaded into the client's file in CAREWare.*

Per PCN 14-01 "Recovered excess premium tax credits are considered insurance refunds, not program income. As such, grantees must use recovered excess premium tax credits in the HIP and Cost Sharing Assistance service category in the grant year in which the refund was received.

Citation: [HRSA HAB Policy Notice 14-01](#)

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Appendix A: IRS Form 1040

Form 1040	Department of the Treasury—Internal Revenue Service (99)	2021	OMB No. 1545-0074	IRS Use Only—Do not write or staple in this space.
U.S. Individual Income Tax Return				
Filing Status	<input type="checkbox"/> Single <input type="checkbox"/> Married filing jointly <input type="checkbox"/> Married filing separately (MFS) <input type="checkbox"/> Head of household (HOH) <input type="checkbox"/> Qualifying widow(er) (QW)			
Check only one box.	If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QW box, enter the child's name if the qualifying person is a child but not your dependent ▶			
Your first name and middle initial	Last name		Your social security number	
If joint return, spouse's first name and middle initial	Last name		Spouse's social security number	
Home address (number and street). If you have a P.O. box, see instructions.			Apt. no.	Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund. <input type="checkbox"/> You <input type="checkbox"/> Spouse
City, town, or post office. If you have a foreign address, also complete spaces below.		State	ZIP code	
Foreign country name	Foreign province/state/county	Foreign postal code		
At any time during 2021, did you receive, sell, exchange, or otherwise dispose of any financial interest in any virtual currency? <input type="checkbox"/> Yes <input type="checkbox"/> No				
Standard Deduction	Someone can claim: <input type="checkbox"/> You as a dependent <input type="checkbox"/> Your spouse as a dependent <input type="checkbox"/> Spouse itemizes on a separate return or you were a dual-status alien			
Age/Blindness You:	<input type="checkbox"/> Were born before January 2, 1957 <input type="checkbox"/> Are blind Spouse: <input type="checkbox"/> Was born before January 2, 1957 <input type="checkbox"/> Is blind			

Appendix B: IRS Form 8962

Form 8962	Premium Tax Credit (PTC)	OMB No. 1545-0074
Department of the Treasury Internal Revenue Service	▶ Attach to Form 1040, 1040-SR, or 1040-NR. ▶ Go to www.irs.gov/Form8962 for instructions and the latest information.	2021 Attachment Sequence No. 73
Name shown on your return	Your social security number	
A. If you, or your spouse (if filing a joint return), received, or were approved to receive, unemployment compensation for any week beginning during 2021, check the box. See instructions. <input type="checkbox"/>		
B. You cannot take the PTC if your filing status is married filing separately unless you qualify for an exception. See instructions. If you qualify, check the box ▶ <input type="checkbox"/>		
Part I Annual and Monthly Contribution Amount		
1 Tax family size. Enter your tax family size. See instructions		1
2a Modified AGI. Enter your modified AGI. See instructions	2a	
b Enter the total of your dependents' modified AGI. See instructions	2b	
3 Household income. Add the amounts on lines 2a and 2b. See instructions		3
4 Federal poverty line. Enter the federal poverty line amount from Table 1-1, 1-2, or 1-3. See instructions. Check the appropriate box for the federal poverty table used. a <input type="checkbox"/> Alaska b <input type="checkbox"/> Hawaii c <input type="checkbox"/> Other 48 states and DC		4
5 Household income as a percentage of federal poverty line (see instructions)		5 %
6 Reserved for future use		
7 Applicable figure. Using your line 5 percentage, locate your "applicable figure" on the table in the instructions		7
8a Annual contribution amount. Multiply line 3 by line 7. Round to nearest whole dollar amount	8a	
b Monthly contribution amount. Divide line 8a by 12. Round to nearest whole dollar amount	8b	
Part II Premium Tax Credit Claim and Reconciliation of Advance Payment of Premium Tax Credit		

Appendix C: IRS Form 1040EZ