

## Frequently Asked Questions: Exemptions for American Indians, Alaska Native Claims Settlement Act Corporation Shareholders, and Individuals Eligible for Indian Health Care Provider Services

Beginning in 2014, all individuals must have health care coverage, have a health care coverage exemption, or pay a fee (tax penalty) if you file a federal income tax return. If the **only** health coverage you have is through the Indian Health Services (IHS) and you do not have other insurance, such as through your employer, or through a federal health program such as the Marketplace, Medicare, Medicaid, or VA, you will need to file for an Indian Exemption to **avoid paying any penalties**. An Indian Exemption is available to members of federally recognized Tribes, Alaska Native Claims Settlement Act corporation shareholders, and individuals eligible to receive services from an Indian health care provider.

Examples of qualifying health coverage are listed online at:

<https://www.healthcare.gov/fees-exemptions/plans-that-count-as-coverage/>

### 1. Can I claim an exemption from the tax penalty or fee with the Internal Revenue Service (IRS) based on American Indian status, Alaskan Native Claims Settlement Act (ANCSA) corporation shareholder status, or because I am eligible for services from an Indian Health Care Provider?

Yes, we recommend that you claim this exemption on your federal income tax return by entering code “E” in Part III of IRS Form 8965 and filing Form 8965 with your return. If you claim this exemption on your federal income tax return, you **DO NOT** also have to request an exemption from the Marketplace.

### 2. Do I need to provide documentation to get this exemption?

If you claim this exemption when you file your federal income tax return by entering code “E” in Part III of IRS Form 8965, you do **NOT** need to submit any supporting documentation with your return. When you sign your return, you are saying (or attesting) that the information on your return, including the exemption, is true and correct. If the IRS selects your return for an audit, you may be asked to provide the documents to support your claim for the exemption. You should keep any and all supporting documentation that shows you are eligible for this exemption in a safe place. Even though you do not need to submit Tribal documentation with Form 8965, as a general practice, a tax return preparer may ask for documentation to support this exemption.

If you submit a Marketplace paper exemption application, you **WILL** be required to provide documentation to support the Tribal status, ANCSA corporation

shareholder status, or eligibility to receive services from an Indian health care provider for **EACH** member of your tax household.

A full list of acceptable documentation is provided on page 5 of the application for this exemption: <https://marketplace.cms.gov/applications-and-forms/tribal-exemption.pdf>.

### **3. What is IRS Form 8965?**

IRS Form 8965 is the form used to claim or report a health coverage exemption. Form IRS 8965 can be located at:

- o **IRS Form 8965 Instructions**- <http://www.irs.gov/pub/irs-pdf/i8965.pdf>
- o **IRS Form 8965**- <http://www.irs.gov/pub/irs-pdf/f8965.pdf>

### **4. Do I need to submit IRS Form 8965 every year?**

You will need to submit this form every year that you file a federal income tax return and are requesting an exemption, even if you have an ECN. You need to submit Form 8965 every year by either entering the code for the Indian exemption (code “E”) in Part III of the form, or entering ECNs for you and your family members in Part I of the form.

### **5. Do I still need to submit a paper exemption application to the Marketplace if I claimed my Indian exemption when I filed my federal income tax return using Form 8965?**

No. You do **NOT** need to submit a Marketplace paper exemption application if you elect to claim this exemption on IRS Form 8965 when you file your federal income tax return each year.

### **6. What is an Exemption Certificate Number (ECN)?**

An ECN is a number that the Marketplace will give you for each person in your family who is granted an exemption by the Marketplace.

### **7. What does an Exemption Certificate Number (ECN) look like?**

ECNs issued by the Federally Facilitated Marketplace are 6-7 alphanumeric characters long.

### **8. I requested an exemption with the Internal Revenue Service (IRS) and did not hear back from IRS. Why didn't IRS give me an Exemption Certificate Number (ECN)?**

IRS does not accept exemption applications or issue ECNs. Only the Marketplace reviews exemption applications and issues ECNs.

**9. I received an Exemption Certificate Number (ECN) what do I do with it?**

If you have an ECN from the Marketplace, you will use the ECN to report an exemption when you file your federal income tax return. You will do this by filling out Part I of Form 8965 and including the ECN for each exempt member of your family. You will attach Form 8965 to your federal income tax return. You should keep your ECN in a safe place so you can refer to it each year.

**10. Can the Exemption Certificate Number (ECN) be used for more than 1 person?**

No, exemptions are granted on a person-by-person basis, NOT to the whole household. Each individual included and approved on a Marketplace exemption application will receive a separate ECN.

**11. What do I do if I lose my Exemption Certificate Number (ECN)?**

Lost ECNs may be obtained by contacting the call center at 1-800-318-2596. Connecticut residents must contact Access Health CT (855-805-4325).

**12. If I submit a paper exemption application to the Marketplace, how do I know I can trust the person that calls about my exemption?**

After you apply through the Marketplace, you may get a phone call from the Marketplace asking you to verify or provide more information. If we don't have this information we may not be able to process your Marketplace application.

If your phone has caller ID, check the number. The display may show one of these:

Health Insurance MP

Or one of these phone numbers:

606-260-4191

479-877-3203

636-698-6320

580-354-7707

The customer service representative will say they are calling from the Marketplace and provide a full name and agent ID number. Write them down.

For additional information about Marketplace calls, as well as other information about fraud protection please visit the Marketplace at:

<https://www.healthcare.gov/how-can-i-protect-myself-from-fraud-in-the-health-insurance-marketplace/>

### **13. I missed a call from the Marketplace, what should I do?**

A Marketplace representative may leave a message on your answering machine. If this happens, you won't be able to call back. If the Marketplace can't reach you after three tries, you'll get a letter in the mail telling you what to do next. If the letter asks you to send information to the Marketplace, please include your name, address and phone number on a separate sheet of paper so the Marketplace can match the new information to your original application.

The Marketplace calls if we are missing information to determine whether you qualify for an exemption from your Marketplace application.

#### **The most common reasons the Marketplace calls:**

- Missing information for your spouse or child who doesn't need an exemption.
- Missing documentation needed to approve your exemption.
- The household contact didn't sign and date the application itself.

### **14. Do I need to request an exemption for my child?**

When you apply for an exemption through the Marketplace, you need to provide information about everyone you will list on your federal income tax return, **even if that person doesn't need an exemption.**

If your child will not be claimed as a dependent on your federal income tax return, then you don't need to file an exemption for your child.

If your child will be claimed as a dependent on your tax return and your child did not have qualifying health coverage or an exemption for all of the year you may be required to pay a fee on behalf of your child when you file your federal tax return. If your child qualifies for an exemption, you should either claim the exemption on your federal income tax return or apply to the Marketplace for an exemption for your child.

### **15. What if I applied for an exemption for my family of four but we only received two Exemption Certificate Numbers (ECN)?**

ECNs will only be assigned by the Marketplace to tax household members with a complete step 2 page submitted on a properly signed Marketplace application with sufficient supporting documentation.

Ensure that you completed all questions on a step 2 page of the Marketplace exemption application and provided supporting documentation for each tax household member that wants an exemption when you submitted the application. If the application is incomplete or missing information the Marketplace will attempt to contact you by phone or mail.

**16. What if names are misspelled on the exemption determination letter I receive from the Marketplace?**

When you complete Part I of IRS Form 8965, ensure that you report your name correctly and provide the correct ECN number.

**17. I have not received a decision from the Marketplace for my exemption application. I need to file my federal income tax return. What should I do?**

If the Marketplace hasn't processed your exemption application before you file your tax return, complete Part I of Form 8965 and enter "pending" in Column C for each person listed. Or, you can claim the exemption on your tax return by completing Part III of Form 8965 and then you do not need an ECN from the Marketplace. By choosing either of these options, IRS can continue to process your return and you can even receive a tax refund in the meantime.

**18. I tried to file my taxes with tax software or with a tax preparer, but was told that the Exemption Certificate Number (ECN) number is not valid.**

If this is the case, tax preparers are aware that they should add a "0" to the end of short ECNs. If this does not correct the issue, check your exemption determination notice to ensure the tax preparer was provided the correct ECN.

**19. I don't have a Social Security Number, if I submit a paper exemption application to the Marketplace can I leave that question blank or should I put my Individual Taxpayer Identification Number (ITIN) on the exemption application if I have one?**

You do not need to provide an ITIN when you file an exemption application for the Marketplace. You can provide your Social Security Number, if you have one. If you do not have a Social Security Number, you can leave the field blank and provide your date of birth.

**20. How do complete my Marketplace application so that it's clear that I DON'T want an exemption for my spouse or child?**

The application provides instructions to complete a Step 2 page for every person in the household who is on the same federal income tax return. If there are more than two people in the tax household, the applicant should make copies of the Step 2 page for **EACH** member of the tax household. If an individual in the tax household doesn't want an exemption, the applicant should just fill out questions 1-7 on the Step 2 page for that individual.

**21. I am NOT a dependent on someone else's federal income tax return and I am NOT required to file a federal income tax return for my household because my household income is below the tax filing threshold. Do I have to apply for an exemption?**

Most people must have health coverage or pay a fee. However, if your income is below the amount that requires you to file a tax return, you do not have to pay the fee even if you didn't have health coverage. You can find more information about tax filing thresholds from IRS.

If your income is below the amount that requires you to file a tax return, but you file one anyway, you can still get an exemption from the fee. You can claim the exemption when you file your tax return. You will need to complete Part II of IRS Form 8965 and file it with your tax return. You don't need to send anything to the Marketplace to get the exemption.

**22. I AM claimed as a dependent on someone else's federal income tax return and I am NOT required to file a federal income tax return as a dependent because my income is below the tax filing threshold. Do I need an exemption?**

If you are claimed as a dependent on someone else's federal income tax return, that person must pay the fee if you don't have health coverage or qualify for an exemption, even if your income is below the amount that requires you to file a federal income tax return. You can find more information about tax filing thresholds from IRS.

**23. Where can I get more information about exemptions?**

For more information on how to apply for an exemption, please visit the Marketplace online at [www.healthcare.gov/exemptions-tool](http://www.healthcare.gov/exemptions-tool) or see IRS Form 8965.