

Ryan White HIV/AIDS Program (RWHAP) Update to Policy Clarification Notice 14-01 Clarifications Regarding the RWHAP and Reconciliation of Advance Premium Tax Credits under the Affordable Care Act

Frequently Asked Questions June 2015

1. Will the grantee be required to track and report excess premium tax credit (PTC) received from clients on the Federal Financial Report (FFR)?

Response: Grantees are required to **track** the source and use of funds for Ryan White HIV/AIDS Program (RWHAP) activities.

Financial records must contain information pertaining to the RWHAP award, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation. This requirement includes tracking excess PTC.

Note: Per PCN 14-01, recovered excess PTCs are considered insurance refunds, not program income. Insurance refunds are not reported on the FFR.

2. How do individuals compute their premium tax credit and reconcile any advance payments of the premium tax credit (APTC)?

Response: The IRS provides answers to frequently asked questions about the premium tax credit at: <http://www.irs.gov/Affordable-Care-Act/Individuals-and-Families/Questions-and-Answers-on-the-Premium-Tax-Credit>.

Archived webcasts addressing the reconciliation process are available on the HRSA/HAB Affordable Care Act website at: <http://hab.hrsa.gov/affordablecareact/>.

3. Can a RWHAP grantee or third party make a payment to the IRS on behalf of a client for the excess APTC repayment owed to the IRS? If so, how would this work logistically?

Response: Yes, a RWHAP grantee or third party can make a payment to the IRS on behalf of a client. However, it is critical that the client's name, SSN [make sure that the client's SSN is shown first if this is a joint return], and tax year be clearly communicated with the payment for it to be credited correctly.

4. Can a RWHAP grantee or third party make a payment to the IRS on behalf of a client for the excess APTC repayment even if the client does not have a balance due to the IRS (because of other tax payments or credits on the return)?

Response: Yes, a RWHAP grantee or third party can make a payment to the IRS for the amount of the excess APTC repayment, even if a client had no overall tax liability for that year. An additional payment made after an account has a “zero balance” (and that does not have a specific designation that it be applied to the following tax year as an estimated tax payment) would be temporarily held in the account, until it is determined that there are no other outstanding liabilities, prior to being refunded to the taxpayer.

5. Must a RWHAP grantee or third party vigorously pursue excess PTC even if the client is not getting a refund from the IRS (because of other tax liabilities on the return)?

Response: Yes, a RWHAP grantee or third party must vigorously pursue excess premium tax credit even if the client is not due a refund.

6. How can RWHAP grantees determine the amount of excess APTC repayment they may pay to the IRS on behalf of the client? Similarly, how can RWHAP grantees determine the amount of excess premium tax credit to “vigorously pursue”?

Response: RWHAP grantees can only pay the excess APTC repayment attributed to the individual client. Grantees may not use RWHAP funds to pay for any other tax liability for which the client is responsible or make direct payments to clients. Similarly, RWHAP grantees can only vigorously pursue the excess premium tax credit amount attributable to the individual client.

Grantees can find the information needed to determine a client’s excess APTC repayment or excess premium tax credit on the associated tax forms – Form 1095-A (Health Insurance Marketplace Statement), Form 8962 (Premium Tax Credit), and the Form 1040 series of individual income tax returns. Grantees should document the methodology used to determine the amount of excess APTC repayment or excess premium tax credit attributable to individual clients (e.g., in situations where the client’s tax return includes additional members in the household and/or multiple people in the household are enrolled in Marketplace coverage).

7. Can the IRS provide a proof of payment or receipt of payment confirmation to the RWHAP grantee making the payment?

Response: The IRS only issues receipts at walk-in locations (for example – IRS Taxpayer Assistance Centers). The IRS does not send receipts to tax filers who mail in payments. Therefore, providing a receipt of payment to the RWHAP grantee would only be possible with

the tax filer's express written authorization for that tax year and if the payments were made "in person."

8. Can a RWHAP grantee pay the interest accrued due to late payment of the excess APTC repayment?

Response: No, late payment fees are not allowable costs under the 45 CFR Part 75. RWHAP grantees should encourage their clients to reconcile any APTC well before the IRS tax filing deadline to avoid late payments, and grantees should have policies in place to support this.

9. What actions should a grantee take when a client discloses they did not file their taxes, but received premium assistance from a RWHAP grantee to cover the cost of their Marketplace coverage?

Response: If the RWHAP discovers that the client did not file a tax return to reconcile any APTC, this in and of itself does not provide justification for the RWHAP grantee to terminate its support of the client's premium. Grantees should continue to follow the Policy Clarification Notice 13-05 guidance on premium assistance and should continue to document attempts to engage in the "vigorously pursue" policies to seek excess PTC from these clients, including the steps that were taken to pursue these funds from clients. The IRS has provided very clear guidance ([https://www.irs.gov/Affordable-Care-Act/Individuals-and-Families/Questions-and-Answers-on-the-Premium-Tax-Credit#Failure to File and Reconcile](https://www.irs.gov/Affordable-Care-Act/Individuals-and-Families/Questions-and-Answers-on-the-Premium-Tax-Credit#Failure%20to%20File%20and%20Reconcile)) regarding the critical nature of filing federal income taxes for individuals or households who receive APTC: failure to file federal income taxes will result in termination of premium tax credits and cost-sharing for Marketplace coverage. It is in grantees', and more importantly, clients' best interest to maintain their options for premium tax credits and cost-sharing for Marketplace coverage.

10. Is there a site where we can go to access more information about tax policies as they pertain to the Affordable Care Act?

Response: The IRS has detailed information about tax forms and other considerations at: www.irs.gov/aca. Additionally, the IRS has published a helpful publication that covers some of the tax provisions of the Affordable Care Act that is titled *Health Care Law: What's New for Individuals & Families* available at: www.irs.gov/pub/irs-pdf/p5187.pdf.