

WHAT ARE PREMIUM TAX CREDITS?

Understanding Your Premium Tax Credit: Options for Individuals and Families

Many individuals and families can get a **premium tax credit**. With a tax credit, you pay less for health insurance.

What Are Premium Tax Credits and How Do They Work? Premium tax credits reduce the cost of health insurance.

You can apply for premium tax credits in the NY State of Health marketplace. If you qualify for a tax credit you have two options:

- **Get it “in advance”** - With this option, you can choose for some or all of the credit to be applied to your monthly health plan premium. You pay a part of the premium and the IRS pays the rest.
 - * **Important!** If you earn more than you expected (for example - you get a raise or bonus), you must report this change to the NY State of Health. Otherwise, you could have to pay money back to the IRS.
- **Get it “later”** – With this option, you pay the full premium each month and claim the credit when you file your taxes at the end of the year. The credit will lower the amount you owe in taxes or give you money back from the IRS if you don't owe any taxes.

Can I Get a Tax Credit?

You and your family may qualify for a premium tax credit if:

- You do not have or are not eligible for health insurance through a government health plan such as Medicaid.
- Your family earns less than specified dollar amounts each year; and
- Your employer does **not** offer health insurance or the health insurance you are offered is **“unaffordable”** (costs more than 9.5% of your household income) or **“inadequate”** (does not cover at least 60% of medical costs).



How Much of a Tax Credit Can I Get?

The amount will depend on your family size and income. Families and individuals with lower incomes will qualify for the most assistance.

Do I Have to File an Income Tax Return to Get the Premium Tax Credit?

Yes. Even if you choose to get the tax credit in advance, you must still file your taxes for the year.

What if I Don't Owe Any Taxes? Can I Still Get a Credit?

Yes, the premium tax credit is **refundable**. That means that if you do not owe taxes, the IRS will deposit into your banking account or mail you a check for the amount of the credit.

Can Tax Credits Be Used for Any Health Insurance Plan?

No, **premium tax credits can only be used for health insurance purchased through the NY State of Health**. The marketplace offers qualified health plans with comprehensive benefits like prescription coverage, hospital stays, and doctor visits.

What If My Income Changes, or I Get Married, Divorced, or Have a Child?

You must tell the NY State of Health if your income or family size changes. The Marketplace will then re-calculate your credit.

To learn more about the health care law and to see if you qualify for a premium tax credit, visit the NY State of Health at nystateofhealth.ny.gov or call 1-855-355-5777

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Human Resources
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Last modified: 04/2016

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FLY-923 (E)