



**Government of the District of Columbia  
Office of the Chief Financial Officer  
Office of Tax and Revenue**

***Tax Practitioner Institute***

***The District Shared Responsibility Payment***

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# The ACA

- The Patient Protection and Affordable Care Act (ACA), also known as **Obamacare**, was signed on **March 23, 2010**.
- The relevant tax portions of the ACA were codified in **I.R.C. §5000A**.





# The ACA



- The ACA authorized states and the District to establish health insurance marketplaces.
- In 2012, the District established the **DC Health Benefits Exchange Authority (HBX)**.
- **DC Health Link** was launched on October 1, 2013.



# The ACA

- As of January 1, 2014, all Americans were required to have **qualifying health insurance**, have an **exemption** or pay a **tax penalty** for **every month** during the tax year.



- Beginning with the 2015 filing season, all taxpayers were required to:
  - “**Check the box**” on Form 1040 that they had full year coverage,
  - Claim an exemption on **Form 8965**, or
  - Report a **shared responsibility payment** as “other taxes” on Form 1040.

# The ACA - Exemptions

- 1) Short term coverage gap
- 2) Citizens living abroad and certain noncitizens
- 3) Members of a health care sharing ministry
- 4) Members of Indian tribes
- 5) Incarceration
- 6) Birth or adoption
- 7) Death
- 8) Affordability
- 9) Hardship
- 10) Member of a religious sect that is conscientiously opposed to accepting health benefits, including Social Security and Medicare





# The ACA – Tax Penalty



*The Greater of*



**(Flat Dollar Amount)**

**\$695** for each adult and **\$347.50** for each child, up to **\$2,085** per family

OR

**(Percentage Income Amount)**

**2.5%** of family income that is over the federal tax filing threshold

*Capped by*

**(National Average Bronze Plan Premium Amount)**

The national average premium published by the IRS for qualified health plans with bronze level coverage that are offered through the Health Insurance Exchanges

# The TCJA



- The Tax Cuts and Jobs Act (TCJA) is signed on December 22, 2017.
- The TCJA did not technically repeal the ACA or the requirement to have qualifying health insurance.
- The TCJA amended I.R.C. §5000A by “**zeroing out**” the penalty beginning with tax year 2019.



# DC Response to TCJA

- In January 2018, the Mayor charged the **Affordable Care Act Advisory Working Group**, a group comprised of various DC officials and local stakeholders, to consider whether there were actions the District should take in response to repeal of the individual mandate.
- In April 2018, the ACA Working Group recommended that the District enact its own **DC individual mandate**.
- In September 2018, the District enacted the **Individual Health Insurance Requirement Amendment Act of 2018** as part of the Fiscal Year 2019 Budget Support Act of 2018 (effective October 30, 2018).





# DC Shared Responsibility Payment

- As of January 1, 2019, all **District Residents** are required to have **qualifying health insurance**, have an **exemption** or pay a **tax penalty** for **every month** during the tax year.



- Beginning with the 2020 filing season, all D-40 filers are required to:

- “Check the box”** that they had **full year coverage**, or
- Claim an **exemption** on **Schedule HSR**, and/or
- Calculate a **shared responsibility payment** on **Schedule HSR** and report it on **D-40, Line 28**.





# DC Shared Responsibility Payment D-40 "Check the Box"

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Filing status

W-2S AND ANY OTHER WITHHOLDING STATEMENTS HERE

- 1 *Fill in only one:*  Single,  Married filing jointly,  Married filing separately,  Dependent claimed by someone else
- Married filing separately on same return *Enter combined amounts for Lines 5-45. See instructions.*
- Registered domestic partners filing jointly or  filing separately on same return *Enter combined amounts for Lines 5-45. See instructions.*
- Head of household *Enter qualifying dependent and/or non-dependent information on Schedule S.*
- Qualifying widow(er) with dependent child *Enter qualifying dependent information on Schedule S.*

- 2 *Fill in if you are:*  Part-year resident in DC from  to  *See instructions.*  
 (MMDDYYYY) (MMDDYYYY)

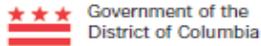
- 3 *Fill in ONLY if Full-year health care coverage or exempt, see instructions*





# DC Healthcare Shared Responsibility Schedule HSR

## DRAFT



Government of the  
District of Columbia

**2019**

**SCHEDULE HSR**  
DC Health Care  
Shared Responsibility



1 9 0 4 0 0 2 1 0 0 0 0

**Important:** Print in CAPITAL letters using black ink. File with your D-40.

OFFICIAL USE ONLY Vendor ID#0000

### Personal information

Your daytime telephone number

Your taxpayer identification number (TIN) and Date of Birth (MMDDYYYY) Spouse's/registered domestic partner's TIN and Date of Birth (MMDDYYYY)

Your first name M.I. Last name

Spouse's/registered domestic partner's first name M.I. Last name

Mailing address (number, street and suite/apartment number if applicable)

City

State

Zip Code +4

### PART I Do you have qualifying health coverage?

1 Did you and, if applicable, all members of your health care shared responsibility family have qualifying health coverage for every month in 2019?

- Yes. **STOP.** You do not owe a health care shared responsibility payment. Enter zero on Line 28 of your D-40.  
 No. If you answered No, complete Part II.



# Qualifying Health Insurance

As of January 1, 2019, all District Residents are required to have ***qualifying health insurance***, have an exemption or pay a tax penalty for every month during the tax year.





# Qualifying Health Insurance

**Qualifying health insurance** refers to “minimum essential coverage”.

- Under District law, “minimum essential coverage” means:
  - 1) Minimum essential coverage as **defined by section I.R.C. § 5000A** and its implementing regulations as of December 15, 2017;
  - 2) The **Immigrant Children's Program** (*a DC program administered by DHCF*);
  - 3) Health coverage provided under **a multiple employer welfare arrangement** compliant with federal law as of December 15, 2017; and
  - 4) Any **plan or arrangement recognized by the Mayor** by rule as minimum essential coverage.
- The Department of Insurance, Securities and Banking (DISB) is charged with regulating what plans meet the definition of “minimum essential coverage” under federal law as of December 15, 2017.



# Exemptions

As of January 1, 2019, all District Residents are required to have qualifying health insurance, have an ***exemption*** or pay a tax penalty for every month during the tax year.



# Exemptions



- (1) Short term coverage gap
- (2) Citizens living abroad and certain noncitizens
- (3) Members of a health care sharing ministry
- (4) Members of Indian tribes
- (5) Incarceration
- (6) Birth or adoption
- (7) Death
- (8) Members of religious sects that are conscientiously opposed to accepting health benefits, including Social Security and Medicare



- (9) Affordability\*
- (10) Hardship\*

***\*Taxpayers must apply for and receive a certificate of exemption from HBX***



- (11) Sincerely Held Religious Belief
- (12) Low Income
- (13) Non-DC Resident





# 2019 Schedule HSR – DC Health Care Shared Responsibility

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## PART II Do you have an exemption?

- 2 Can someone else claim you as a dependent on their federal income tax return for 2019?  
 Yes. **STOP.** You do not owe a health care shared responsibility payment.  
 No.
- 3 Was your federal adjusted gross income below the applicable filing threshold for your filing status for 2019? *See instructions.*  
 Yes. **STOP.** You do not owe a health care shared responsibility payment.  
 No.
- 4 Was your federal adjusted gross income reported on your D-40, Line 4 for 2019 equal to or less than \$27,728?  
 Yes. **STOP.** You do not owe a health care shared responsibility payment.  
 No.
- If you answered Yes to any of questions 2 - 4, enter zero on Line 28 of your D-40. If not, continue by answering questions 5 - 6.**
- 5 Do you affirm under the penalties of perjury that you or any member of your health care shared responsibility family lacked qualifying health coverage in 2019 on the basis of a sincerely held religious belief during the entire taxable year?  
 Yes. **You must complete Part III before completing Part IV.**  
 No.
- 6 Are you claiming an exemption (other than a sincerely held religious belief) for at least one month for 2019 for yourself or any member of your health care shared responsibility family?  
 Yes. **You must complete Part III before completing Part IV.**  
 No.

**After answering questions 5 - 6, complete Part IV to determine the amount to enter on Line 28 of your D-40. If you answered yes to question 5 or 6, you must also complete Part III.**



# Exemptions

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**PART III What coverage exemptions are you claiming for members of your shared responsibility family and for how many months? See instructions for exemption type(s).**

Name of Individual		Taxpayer Identification Number (TIN)	Exemption Type	Number of Exempt Months Claimed
7	First name and M.I. <input type="text"/> Last name <input type="text"/>	<input type="text"/>	<input type="checkbox"/>	<input type="text"/>
8	First name and M.I. <input type="text"/> Last name <input type="text"/>	<input type="text"/>	<input type="checkbox"/>	<input type="text"/>
9	First name and M.I. <input type="text"/> Last name <input type="text"/>	<input type="text"/>	<input type="checkbox"/>	<input type="text"/>
10	First name and M.I. <input type="text"/> Last name <input type="text"/>	<input type="text"/>	<input type="checkbox"/>	<input type="text"/>
11	First name and M.I. <input type="text"/> Last name <input type="text"/>	<input type="text"/>	<input type="checkbox"/>	<input type="text"/>
12	First name and M.I. <input type="text"/> Last name <input type="text"/>	<input type="text"/>	<input type="checkbox"/>	<input type="text"/>



# The “Low Income” Exemption

- An individual age **21 or older** (as of the last date of the tax year) is exempt if **federal AGI** reported on D-40 is equal to or less than **222%\*** of the **applicable federal poverty level**
- An individual age **20 or younger** (as of the last date of the tax year) is exempt if **federal AGI** reported on D-40 is equal to or less than **324%\*** of the **applicable federal poverty level**



\* or a % determined by the Mayor

2019 Low-Income Eligibility Amounts		
Total Number of Members of Shared Responsibility Family	Federal AGI equal to or less than (21 or Older)	Federal AGI equal to or less than (Under 21)
1	\$ <b>27,827.80</b>	\$ 40,467.60
2	\$ 37,640.20	\$ 54,788.40
3	\$ 47,452.60	\$ 69,109.20
4	\$ 57,265.00	\$ 83,430.00
5	\$ 67,077.40	\$ 97,750.80
6	\$ 76,889.80	\$ 112,071.60
7	\$ 86,702.20	\$ 126,392.40
8	\$ 96,514.60	\$ 140,713.20
For each Additional Member, add:	\$ 9,812.40	\$ 14,320.80



# The Tax Penalty

As of January 1, 2019, all District Residents are required to have qualifying health insurance, have an exemption or pay a ***tax penalty*** for every month during the tax year.





# The Tax Penalty

## The District Shared Responsibility Payment:

### *The Greater of*

#### (Flat Dollar Amount)

**\$695** for each adult and **\$347.50** for each child, up to **\$2,085** per family

OR

#### (Percentage Income Amount)

**2.5% federal AGI** of that is over the **DC** tax filing threshold

### *Capped by*

#### (DC Average Bronze Plan Premium Amount)

The **District** average premium published by **HBX** for qualified health plans with bronze level coverage that are offered through **DC Health Link**



# The Tax Penalty

**(Flat Dollar Amount)**  
**\$695** for each adult and **\$347.50** for each child, up to **\$2,085** per family

## DC Health Care Shared Responsibility Worksheets

### A. Flat Dollar Amount Calculation

- **Worksheet A-1** (*No exemptions claimed*)  
**OR**
- **Worksheet A-2** (*Exemption claimed for at least one month for at least one member in your health care shared responsibility family\**)

2019 Schedule HSR –  
DC Health Care Shared Responsibility

**DRAFT**

**PART IV** Complete the applicable worksheets before completing Part IV. Round cents to nearest dollar. If amount is zero, leave the blank.

13	Enter flat dollar amount (see Worksheet A-1, Line 5 or Worksheet A-2, Line 7).....	13	\$							00
14	Enter the percentage income amount (see Worksheet B-1, Line 4 or Worksheet B-2, Line 14).....	14	\$							00
15	Enter the larger of Line 13 or Line 14 (If Lines 13 and 14 are the same, enter that number.).....	15	\$							00
16	Enter the District Average Bronze Plan Premium (see Worksheet C-1, Line 2 or Worksheet C-2, Line 2).....	16	\$							00
17	Enter the smaller of Line 15 or Line 16 here and on D-40, Line 28.....	17	\$							00

\* For purposes of Schedule HSR, “shared responsibility family” includes (a) the taxpayer, (b) the taxpayer’s spouse or registered domestic partner if they file a D-40 jointly or separately on the same return and (c) any dependents that the taxpayer (or the taxpayer’s spouse or registered domestic partner) claimed or could have claimed on their D-40.

# The Tax Penalty

## (Percentage Income Amount)

2.5% federal AGI of that is over the DC tax filing thresholds

DC Health Care Shared Responsibility Worksheets

### B. Percentage Income Calculation

- **Worksheet B-1** (*No exemptions claimed*)
- AND**
- **Worksheet B-2** (*Exemption claimed for at least one month for at least one member in your health care shared responsibility family\**)



2019 Schedule HSR –  
DC Health Care Shared Responsibility

**DRAFT**

PART IV Complete the applicable worksheets before completing Part IV.		Round cents to nearest dollar. If amount is zero, leave the blank.	
13 Enter flat dollar amount (see Worksheet A-1, Line 5 or Worksheet A-2, Line 7).....	13		00
14 Enter the percentage income amount (see Worksheet B-1, Line 4 or Worksheet B-2, Line 14).....	14		00
15 Enter the larger of Line 13 or Line 14 (if Lines 13 and 14 are the same, enter that number).....	15		00
16 Enter the District Average Bronze Plan Premium (see Worksheet C-1, Line 2 or Worksheet C-2, Line 2).....	16		00
17 Enter the smaller of Line 15 or Line 16 here and on D-40, Line 28.....	17		00

\* For purposes of Schedule HSR, “shared responsibility family” includes (a) the taxpayer, (b) the taxpayer’s spouse or registered domestic partner if they file a D-40 jointly or separately on the same return and (c) any dependents that the taxpayer (or the taxpayer’s spouse or registered domestic partner) claimed or could have claimed on their D-40.



# The Tax Penalty

## The District Shared Responsibility Payment:

### *The Greater of*

#### (Flat Dollar Amount)

				<b>TOTAL</b>
\$695	\$695	\$347.50	\$347.50	<b>\$2,850</b>

OR

#### (Percentage Income Amount)

Federal AGI	<b>\$100,000</b>
Filing Threshold	<b>\$24,400</b>
	<b>\$75,600</b>
	<b>X 2.5%</b>
	<b>\$1,890</b>

### *Capped by*

#### (DC Average Bronze Plan Premium Amount)

**4 persons - \$12,288**

# The Tax Penalty

## The District Shared Responsibility Payment:

### *The Greater of*

#### (Flat Dollar Amount)



OR

#### (Percentage Income Amount)



### *Capped by*

#### (DC Average Bronze Plan Premium Amount)

**4 persons - \$12,288**

# The Tax Penalty

## The District Shared Responsibility Payment:

### *The Greater of*

#### (Flat Dollar Amount)



OR

#### (Percentage Income Amount)



### *Capped by*

#### (DC Average Bronze Plan Premium Amount)

4 persons - **\$12,288**



# 2019 Schedule HSR – DC Health Care Shared Responsibility

**DRAFT**

**PART IV Complete the applicable worksheets before completing Part IV.**

*Round cents to nearest dollar.  
If amount is zero, leave line blank.*

13	Enter flat dollar amount (see Worksheet A-1, Line 5 or Worksheet A-2, Line 7).....	13	\$	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	.00
14	Enter the percentage income amount (see Worksheet B-1, Line 4 or Worksheet B-2, Line 14).....	14	\$	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	.00
15	Enter the larger of Line 13 or Line 14 (If Lines 13 and 14 are the same, enter that number.).....	15	\$	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	.00
16	Enter the District Average Bronze Plan Premium (see Worksheet C-1, Line 2 or Worksheet C-2, Line 2).....	16	\$	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	.00
17	Enter the smaller of Line 15 or Line 16 here and on D-40, Line 28.....	17	\$	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	.00

# FAQ - Dependents

- Taxpayers must pay a shared responsibility for any dependents that the taxpayer (or the taxpayer's spouse or registered domestic partner) claimed or could have claimed on their D-40 that do not have qualifying coverage or an exemption.
- Taxpayers with the filing status of “***Dependent claimed by someone else***” without qualifying coverage or an exemption do not pay a shared responsibility payment on their own return. *(They must still, however, complete Schedule HSR if they are required to file a D-40.)*





# Reporting of Health Coverage

- Every “applicable entity that provides minimum essential coverage to an individual during a calendar year” is required to file an annual information return with OTR.
- The following applicable entities are required to sign up and file information returns with OTR:
  - **Employers or other sponsors of employment-based health plans** that covered at least 50 full-time employees, including at least one employee who was a District resident
  - **Persons who provided minimal essential coverage** to a District resident
  - An **insurance issuer or carrier** licensed to or otherwise authorized to offer minimum essential coverage in the District



# Reporting of Health Coverage

- Applicable entities should file the same information returns that they file with the IRS including:
  - **Form 1094-B**, *Transmittal of Health Coverage Information Returns*
  - **Form 1095-B**, *Health Coverage*
  - **Form 1094-C**, *Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns*
  - **Form 1095-C**, *Employer-Provided Health Insurance Offer and Coverage*
- All information returns **must be filed electronically** with OTR by uploading files through MyTax.DC.gov using OTR's prescribed layouts and file formats.
- All files **must be a delimited file** with an extension of .txt (.zip files are acceptable).
- For tax year ending December 31, 2019, the deadline is **June 30, 2020**. For tax years beginning after December 31, 2019, the deadline is **30 days after the IRS deadline** for submitting 1095-B or 1095-C forms, including any extensions granted by the IRS.





# Partner Agencies

OTR is solely charged with implementing the Shared Responsibility Payment in cooperation with the following District agencies:



- Responsible for regulations related to definition of “minimum essential coverage” and exemptions.
- May adjust the applicable percentages of qualifying income for the “Low Income” exemption.



- Processes applications for hardship and affordability exemptions and issues certificates of exemption.
- Publishes the DC average premium for bronze-level plans.
- Publishes the qualifying income levels for the “Low Income” exemption (*in consultation with DHCF*).
- Consults with OTR (and DHCF) on annual notice to taxpayers who paid the shared responsibility payment regarding information about how to apply for health insurance, Medicaid or CHIP.



- Consults with OTR (and HBX) on annual notice to taxpayers who paid the shared responsibility regarding information about how to apply for health insurance, Medicaid or CHIP.
- Consults with HBX on qualifying income levels for the “Low Income” exemption.