



American Institute of CPAs
1455 Pennsylvania Avenue, NW
Washington, DC 20004-1081

November 25, 2014

Internal Revenue Service
Tax Forms and Publications Division
SE:W:CAR:MP:T
1111 Constitution Avenue, NW, IR-6526
Washington, DC 20224

RE: Comments on Form 1095-A, *Health Insurance Marketplace Statement* and Form 1095-B, *Health Coverage*

To Whom It May Concern:

The American Institute of Certified Public Accountants (AICPA) offers the following comments on recently released draft Form 1095-A, *Health Insurance Marketplace Statement*, and Form 1095-B, *Health Coverage*, and related instructions. This letter was developed by the Health Care Reform Tax Task Force of the AICPA Employee Benefits Tax Technical Resource Panel and approved by the Tax Executive Committee.

The AICPA is the world's largest member association representing the accounting profession, with more than 400,000 members in 128 countries and a history of serving the public interest since 1877. Our members advise clients on federal, state and international tax matters and prepare income and other tax returns for millions of Americans. Our members provide services to individuals, not-for-profit organizations, small and medium-sized businesses, as well as America's largest businesses.

The AICPA applauds the Internal Revenue Service (IRS) for issuing draft information reporting forms and instructions that are both clear and concise. However, we have a couple of suggestions to minimize confusion and provide greater clarity to taxpayers receiving the forms and the tax practitioners who will use the forms during the tax return preparation process. Please consider our recommendations in the drafting of the final versions of Forms 1095-A and 1095-B (and related instructions).

Form 1095-A, Health Insurance Marketplace Statement

The AICPA recommends changing the title of Form 1095-A, *Health Insurance Marketplace Statement*, Part III, Household Information, Column A from “Monthly Premium Amount” to “Monthly Premium Amount for Minimum Essential Coverage.” In addition, we recommend adding another column to Part III, Household Information, titled “Monthly Premium Amounts – Non-essential Coverage.”

The Health Insurance Marketplace (“Marketplace”) will use Form 1095-A to report certain information to the IRS about individuals and family members who enroll in qualified health plans through the Marketplace. The Marketplace will also use this form to provide information to individuals and family members about the insurance they purchased and any related premium tax credit.

The draft Form 1095-A is divided into three parts, as follows:

- Part I – Recipient Information
- Part II – Coverage Household
- Part III – Household Information

Generally, the AICPA thinks draft Form 1095-A is well-organized in terms of layout and ease of use. However, we recommend a couple of changes to Part III of the form in order to provide increased clarity in relation to the amount of monthly premiums paid by the household. Currently, the title of Part III, Household Information, Column A of the form is “Monthly Premium Amount.” The title suggests that this column will report the monthly amount an individual or family pays for all insurance premiums purchased through the Marketplace. However, the draft instructions located on page 2 state that this column should “include only the premiums allocable to essential health benefits.” Accordingly, the amount of premiums paid for policies that do not meet the minimum essential coverage (MEC) rules (for example, stand-alone dental plans), would not be reported in this column. We think this inconsistency may confuse taxpayers who will expect to see the amount of all monthly premiums they paid for insurance through the Marketplace reported in this column. Taxpayers may suspect an error has occurred if only a portion of their premiums are reported in this column.

In order to mitigate any confusion, we recommend changing the title of Part III Household Information, Column A from “Monthly Premium Amount” to “Monthly Premium Amount for Minimum Essential Coverage,” in which only insurance premiums paid for MEC would be reported. In addition, we recommend adding another column titled “Monthly Premium Amounts – All Other Coverage.” This additional column would be used to report coverage such as stand-alone dental coverage purchased through the Marketplace. The total of the two columns should equal the total of all monthly premiums paid by the household to the Marketplace.

Form 1095-B, Health Coverage

The AICPA recommends changing the language of Form 1095-B, *Health Coverage*, Part II, from “Part II – Employer Sponsored Coverage (If Line 8 is A or B, complete this part),” to “Part II – Employer Sponsored Coverage (If Line 8 is A or B, complete this part unless the coverage is self-insured).”

Health insurance issuers or carriers will use Form 1095-B to report certain information to taxpayers about the MEC they purchased. Form 1094-B, *Transmittal of Health Coverage Information Returns*, will be used in conjunction with Form 1095-B and will be filed with the IRS. Our comments are limited to Form 1095-B because we have no suggested edits to Form 1094-B.

The draft Form 1095-B is divided into three parts, as follows:

- Part I – Responsible Individual
- Part II – Employer Sponsored Coverage
- Part III – Issuer or Other Coverage Provider
- Part IV – Covered Individuals

The AICPA believes that Form 1095-B is well-organized in terms of layout and ease of use. However, we have one suggestion to Part II of the form in order to provide clarification on when Part II must be completed.

Form 1095-B, Part I, Line 8, states “Enter letter identifying Origin of the Policy (see instructions for codes).” Per the draft instructions the codes are as follows:

- A. Small Business Health Options Program (SHOP)
- B. Employer-sponsored coverage
- C. Government-sponsored coverage
- D. Individual market insurance
- E. Multiemployer plan
- F. Miscellaneous minimum essential coverage

Form 1095-B, Part II – Employer Sponsored Coverage indicates “If Line 8 is A or B, complete this part.” However, page three of the draft instructions under the heading Specific Instructions for Form 1095-B, Part II – Employer Sponsored Coverage, contains a tip box stating, “*Insurance companies entering codes A or B on line 8 will complete Part II. Employers reporting self-insured group health plan coverage on Form 1095-B enter code B on line 8 but do not complete Part II. If you entered code B for self-insured coverage, skip Part II and go to Part III.*”

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We are concerned that recipients of Form 1095-B, as well as tax practitioners using the form when preparing a client's tax return, will assume there is an error if there is a letter reported on Part I, Line 8, but Part II is blank.

Our suggested language will alert recipients of Form 1095-B, as well as tax practitioners using the form to prepare a client's tax return, that there is an exception to when Part II must be completed, even if there is a letter "A" or "B" on Part I, Line 8.

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If you have any questions, please contact me at (801) 523-1052 or tlewis@sisna.com; Eddie Adkins, Chair, Health Care Reform Tax Task Force, at (202) 521- 1565 or eddie.adkins@us.gt.com; or Kristin Esposito, AICPA Technical Manager, at (202) 434-9241 or kesposito@aicpa.org.

Sincerely,



Troy K. Lewis, CPA
Chair, Tax Executive Committee

cc: The Honorable Mark Iwry, Senior Advisor to the Secretary and Deputy Assistant Secretary of Retirement and Health Policy, Department of the Treasury
Martin Pippins, Director Customer Service and Stakeholder Relations, Affordable Care Act Office, Internal Revenue Service