eHealth

eHealth Releases Its Top Health Insurance Tax Tips for the 2017 Tax Year

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MOUNTAIN VIEW, Calif.--(BUSINESS WIRE)--Mar. 14, 2018-- Today eHealth, Inc. (Nasdaq: EHTH) (eHealth.com), a leading private online health insurance exchange, released its top health insurance tax tips for the 2017 tax year.

"Your personal health insurance expenses often relate in complex ways to your federal taxes," said eHealth CEO Scott Flanders. "With the government making changes to the tax laws and the rules around health insurance, this year's tax filers may be understandably confused about their options. Our tips for the 2017 tax year aim to clarify for consumers what types of health-related expenses they can deduct."

eHealth recommends that all tax filers consult a licensed tax advisor or certified accountant to better understand which of the tips provided below may apply to them.

Six Health Insurance Tips to Save on Taxes

1. Declare your coverage status on your tax form. In the same year that the federal government repealed the ACA's tax penalty for going uninsured, the IRS is preparing to enforce it. The mandate is still in place for 2018 and won't expire until 2019.

Federal tax forms ask you to declare whether or not you had health insurance coverage during the year. Since 2014, the IRS has accepted "silent returns," or cases in which this field was left blank. If you're one of the 8 million people who did that in 2016, think again before trying that this year.

To avoid having your return rejected, you'll likely need to report that you had health insurance that meets the standards for "minimum essential health coverage," claim an exemption, or pay the penalty.

2. Watch out for the uninsured tax penalty "gotcha" – Because the repeal of the ACA's tax penalty won't take effect until the 2019 coverage year, it's still in place for this year's filing.

That means you may be on the hook for a penalty if you were uninsured for more than two consecutive months in 2017. The penalty for 2017 is either 2.5% of your taxable household income or $695 per adult ($347.50 per child) -- whichever is greater, up to a maximum amount of $2,085.

3. Fund your Health Savings Account (HSA) for 2017 - If you have an HSA, there's still time to max out your contributions for 2017, as long as you do it before April 17, 2018 (Tax Day).

HSA contributions for the 2017 tax year are limited to $3,400 for individuals and $6,750 for families. If you're over age 55, you can add an additional $1,000 to your account.

Not sure if your health plan is eligible for use with a Health Savings Account? Ask your insurer or insurance agent.

4. Be aware of the "claw-back penalty" - If you received government subsidies in 2017 to help cover the cost of your health insurance plan, the income you list on your tax return could retroactively alter your eligibility for those subsidies.

If you earned more money last year than you originally estimated, you may be required to pay some portion of your subsidies back to the IRS, or have that amount deducted from your tax refund.

On the other hand, if you earned less than expected, you may have been eligible for additional assistance. That could potentially reduce your tax bill for 2017 and increase your refund.

Repayment is capped for most people who receive too much in subsidies, depending on income and tax filing status.

5. Check the mail for your 1095 form – The 1095 form comes in a few variations (1095-A, 1095-B, 1095-C), depending on whether you got your coverage through an employer or purchased it on your own. The form is official proof that you had health insurance meeting the ACA's coverage requirements. It also confirms how much subsidy assistance (if any) you received last year.

The information on your 1095 form will help you complete your 2017federal tax return, though you don't need to send it to the IRS.

6. Know if you qualify for medical expense deductions – IRS Publication 502 provides a list of qualifying medical expenses that may be deductible on your return.

These can include monthly premiums you pay for certain kinds of coverage (including some Medicare premiums), copayments, deductibles, dental expenses, and costs for some services not covered by your insurance plan. You may also be able to write off the cost of installing home medical equipment or improvements to your property for wheel-chair access.

For the 2017 tax year, you can only deduct qualifying medical expenses that exceed 7.5% of your adjusted gross income.

Please note that this article is intended to provide general information only and is not a substitute for tax, accounting, or legal advice from a professional familiar with your particular situation.

About eHealth

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