eHealth

eHealth Releases Top Health and Health Insurance Tax Tips for the 2012 Tax Year

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MOUNTAIN VIEW, CA -- (MARKETWIRE) -- 02/19/13 -- Today eHealth, Inc. (NASDAQ: EHTH) (eHealthInsurance.com), America's first and largest private online health insurance exchange, released a series of tips for health insurance consumers preparing to file their 2012 federal tax returns.

Many consumers overlook credits and deductions built into the tax code that are designed to make medical care and health insurance more affordable. Consumers who had high medical expenditures in 2012, who were self-employed or owners of small businesses, or who cared for aging parents should educate themselves on the opportunities to deduct a portion of their expenses from their federal income tax. This year's tax season is also a good time for consumers to familiarize themselves with the possible tax consequences of health reform provisions scheduled to come into effect in January of 2014.

The tips below do not constitute personal tax advice and eHealth recommends that consumers explore these issues with a certified public accountant or tax professional when completing their federal income taxes.

Health and Insurance Related Tax Tips for Tax Year 2012

- ***Itemize medical expenses while you can -*** Not everyone has medical expenses high enough to deduct them on their federal tax returns, but even fewer will be able to do so next year. 2012 is the last year you'll be able to itemize and deduct medical expenses in excess of 7.5% of your adjusted gross income. As a result of health reform, that threshold is being raised to 10% for the 2013 tax year. So, if you itemize on your federal tax return, do the math. Qualifying medical expenses in excess of 7.5% of your adjusted gross income for 2012 may be itemized. You can refer to IRS Publication 502 for more information about qualifying medical expenses, but these may include monthly premiums you pay for coverage (including some Medicare premiums), copayments, deductibles, dental expenses, and costs for some services not covered by your insurance plan. You may even deduct mileage accrued while driving to and from regular appointments. This deduction isn't for everyone, but if you (or one of your dependents) were seriously ill or hospitalized last year, you may qualify.
- ***Expenses for the care for an aging parent*** - If your elderly parent earned less than $3,800 in 2012 (excluding Social Security in most cases) and you provided more than half of his or her financial support, you may be able to claim your parent as a dependent. This earns you an additional dependent exemption, even if your parent doesn't live with you. And if you've paid for the medical or nursing care of a dependent parent, you may also be able to itemize your costs as qualified medical expenses.
- ***Medicare premiums and medical home improvements*** - If you're a retired senior, you may have an easier time meeting the 7.5% adjusted gross income threshold to deduct itemized medical expenses on your federal return. In addition to your out-of-pocket expenses for medical, dental or vision care, you may also be able to include capital expenses for the installation of home medical equipment or improvements of your property for wheel-chair access. In addition, premiums taken from your Social Security check to pay for Medicare Part B may qualify as deductible, as well as premiums you paid for Medicare Part D (Prescription Drug) coverage or a Medicare Supplemental plan.
- ***Deducting health insurance premiums as a business expense -*** If you had self-employment income in 2012, you may be able to deduct health insurance premiums you paid for yourself and your dependents as an 'above the line' business expense (that is, without itemizing) on your federal tax return. Be aware, however, that you may not deduct premiums (including Medicare premiums) paid for any month in which you were eligible to participate in an employer-sponsored health insurance plan, and the amount you deduct cannot be greater than your net self-employment income for the year. Also, keep in mind that you cannot include what you paid toward your monthly premiums as an 'above the line' expense and also itemize it. Talk to a tax professional to learn more about the different types of self-employment status and the tax implications of each in your state.
- ***Fund your Health Savings Account (HSA) for 2012 -*** An HSA is a tax-advantaged savings account used in conjunction with an HSA-eligible health insurance plan. Account contributions, qualified distributions and earnings are all tax-exempt. An HSA allows you to deposit a portion of your pre-tax income into a savings account and use those funds to pay for qualified medical expenses. Unused money can be invested and accrue from year to year. If you have an HSA, be sure to deduct your contributions up to federally prescribed limits. Contributions to your HSA designated for 2012 and made before April 15, 2013 can be counted toward your 2012 federal taxes. According to IRS Publication 969, HSA contributions for the 2012 tax year are capped at $3,100 for individuals and $6,250 for families. If you're over age 55, you may qualify to make an additional $1,000 contribution for the year.
- ***Get tax credits for providing employees with coverage -*** If you're a small business owner providing group health insurance coverage for your workers, don't forget that there may be special tax credits available to you. If you have 25 or fewer employees with average annual wages of less than $50,000, you may be eligible for a special tax credit of up to 35% of the amount you contribute toward employee insurance premiums. Starting in 2014, that credit will increase to 50%.

Keep in mind that in order to qualify for the credit you must have paid at least fifty percent of your employees' total monthly premiums.

- ***Start thinking about tax changes for 2014 -*** Once you've completed your taxes this year, take a look at your income and see if you'll qualify for a federal health insurance subsidy in 2014. If your adjusted gross income was less than 400% of the federal poverty level (that's about $45,000 for a single person or $92,000 for a family of four, in 2012 dollars), you may qualify for a government subsidy in 2014. Failure to obtain health insurance in 2014 could result in a tax penalty. Another change: starting this year, you may notice a new dollar figure in Box 12 of your W-2. If you have employer-based health insurance, the cost of your coverage is reported to the IRS here. You are not taxed on this amount, but so-called "Cadillac" plans (with aggregate values of over $10,200 for individual coverage or $27,500 for families) may be subject to an excise tax starting in 2018.

Additional Consumer Resources:

- Download or request a FREE printed copy of our book, *Individual Health Insurance For Dummies*, Health Care Reform Special Edition, produced in cooperation with For Dummies®, a branded imprint of Wiley, and co-authored by eHealthInsurance
- Follow eHealthInsurance's consumer blog, Get Smart - Get Covered
- Browse our answers to real-life consumer health insurance questions on Yahoo Answers
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About eHealth

eHealth, Inc. (NASDAQ: EHTH) is the parent company of eHealthInsurance, America's first and largest private health insurance exchange where individuals, families and small businesses can compare health insurance products from leading insurers side by side and purchase and enroll in coverage online. eHealthInsurance offers thousands of individual, family and small business health plans underwritten by more than 180 of the nation's leading health insurance companies. eHealthInsurance is licensed to sell health insurance in all 50 states and the District of Columbia. Through the company's eHealthTechnology solution (www.eHealthTechnology.com), eHealth is also a leading provider of health insurance exchange technology. eHealthTechnology's exchange platform provides a suite of hosted e-commerce solutions that enable health plan providers, resellers and government entities to market and distribute products online. eHealth, Inc. also provides powerful online and pharmacy-based tools to help seniors navigate Medicare health insurance options, choose the right plan and enroll in select plans online through its wholly-owned subsidiary, PlanPrescriber.com (www.planprescriber.com) and through its Medicare website www.eHealthMedicare.com.

For more health insurance news and information, visit the eHealthInsurance consumer blog: Get Smart - Get Covered.

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