

## The Affordable Care Act: The Impact on Individual Income Tax Returns

This Weekly Newsletter  
is brought to you by

by Lisa Clarkson, JD, EA

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Most people understand that the individual mandate set forth under the Affordable Care Act requires us to, absent an exemption, maintain minimum essential health insurance. Failure to inform the marketplace that you have healthcare coverage or are exempt from coverage by January 2014, absent transition relief of a non-calendar year plan, will subject you to a penalty on your 2014 federal income tax return. The tax penalty for failing to maintain the minimum essential health insurance is at least \$95 per individual in 2014, and set to increase to no less than \$695 per individual in 2016. If you are not otherwise required to file a 2013 income tax return, there is no additional filing requirement to establish your future eligibility and assistance to purchase healthcare coverage through the exchange; however, if you do not obtain coverage, a form provided by the IRS to be filed with your 2014 return will document your payment penalty.

Under the new provisions, individuals earning under \$15,281.70 in income or a family of four with income under \$31,792.50 may now qualify for Medicaid in those states who opted for expanded coverage. To offer further relief, an individual or family may be eligible for the Premium Tax Credit, which may be applied to monthly insurance premiums or that year's tax return, if total income is between 100 and 400 percent of the poverty line, are enrolled in a qualified health plan provided by the state marketplace, and are not eligible for other minimum essential coverage. Other minimum essential coverage is defined as Medicare Part A, Medicaid, Children's Health Insurance Program (CHIP), Tricare, or an affordable employer-sponsored minimum value plan. Pursuant to a Proposed Treasury Regulation, an employer-sponsored minimum value plan insurance must be "affordable," which is defined as costing in excess of 9.5% of total household income, and meet the minimum standard of covering 60% of eligible expenses.

Some additional changes that include tax rates and itemization requirements follow. Specifically, the Additional Medicare Tax, which will be assessed at a rate of 0.9% of wages that exceed a threshold income

## **The Affordable Care Act: The Impact on Individual Income Tax Returns (con't)**

of \$125,000 for individual filers or \$250,000 for joint filers, and the Net Investment Income Tax, which applies an additional 3.8% tax to individuals, estates, and trusts that have investment income of threshold amounts, are now added. With regard to itemizing your deductions, you may deduct medical expenses in excess of 10% of your adjusted gross income if you are under age 65 and deduct medical expenses in excess of 7.5% if you are age 65 and older.

The attorneys and staff of the Hook Law Center have devoted a great amount of time to understanding the Affordable Care Act. If you have questions or concerns with regard to how this law will affect you, please contact us to setup a consultation.



### **Rescued Hens**

**Hook Law Center:** Were 1,200 hens really rescued from California and sent to New York State?

**Kit Kat:** Yes, and this is a great story with a terrific outcome! 1,200 hens were transferred from an unidentified egg farm in California where they had been kept in very undesirable conditions--small cages and not much fresh air. Animal Place, a farm-animal rescue organization in Grass Valley, CA organized the rescue. They were flown via charter to Elmira, NY where several organizations were ready to receive them. Had the year been 2015, such a rescue would not have been needed. That is when a new law takes effect in CA which outlaws chicken farming in restricted spaces like the one described above.

Anyway, these were some really fortunate chickens, because there were a lot of logistics to pull off this operation. The flight cost \$50,000 and was paid for by an anonymous donor. The plane had to be temperature-controlled to 65 degrees in order to keep the birds calm. Also, the plane took off around dusk for maximum comfort--it is the chickens' normal sleep time. The pilot came from Cincinnati, the co-pilot from Chicago, and the flight attendant was really an expert in animal care. It took an hour and a half to load the plane because of high winds coming from the Pacific Ocean. Volunteers loading the plane wore galoshes because of the amount of bird droppings from such a large collection of birds.

## Rescued Hens (cont'd)

So these chickens are now spending their final days in what one might call "chicken heaven." Frequently, chickens like these that are too old to use for egg production have been de-beaked and often suffer from other ailments. Now they are running free at the various sanctuaries that took them in. Kathy Stevens, Director of the Catskill Animal Sanctuary in Saugerties, NY which sheltered 200 of the chickens comments that chickens are just as unique as other animals. "Ten chickens are as different as 10 people or 10 dogs: You've got the shy one, you've got the hilarious one, you've got the one that dotes on people, you've got the one that's not particularly interested in chickens and would rather follow the goats around all day."

Now that's something I never knew about chickens! Did you?

(<http://www.nytimes.com/2013/09/06/nyregion/rescued-hens-fly-cross-country-no-flapping-required-to-find-new-lives>) (9-6-2013)

## Upcoming Events

- Hook Law Center is participating in the Alzheimer's Association Walk to End Alzheimer's on **October 13, 2013** to raise funds and awareness. We know **Team Hook Law Center** can make a difference with your support! It's easy to give online using this link: [http://act.alz.org/site/TR/Walk/VA-SoutheasternVirginia?team\\_id=87329&pg=team&fr\\_id=3766](http://act.alz.org/site/TR/Walk/VA-SoutheasternVirginia?team_id=87329&pg=team&fr_id=3766). If you would like to join **Team Hook Law Center**, raise funds and walk with us, please email **Jennifer Woods-Pagano, CECC**, our team captain, at [pagano@hooklawcenter.com](mailto:pagano@hooklawcenter.com) for more information.
- Hook Law Center will be presenting a seminar at the State Meeting of Educational Office Personnel, sponsored by the Suffolk Public Schools, on **October 18, 2013** at 9:00 am at the Hilton Garden Inn, Harbour View Blvd., Suffolk, VA.
- Hook Law Center is participating in the National Multiple Sclerosis Society, Hampton Roads Chapter, Resource Fair at the Westin Virginia Beach Town Center on **October 23, 2013** from **5:15 pm - 6:45 pm**. This event is free and open to the public.
- Hook Law Center will be presenting a seminar to the Tidewater Parkinson's Disease Weekend Support Group at St. Therese's Catholic Church, 4137 Portsmouth Blvd., Chesapeake, VA 23321 on **November 2, 2013**.
- Hook Law Center is presenting a seminar on the Affordable Care Act to Merrill Lynch Special Needs Financial Group on **November 7, 2013**.
- Hook Law Center will be presenting on Estate and Long-Term Care Planning at the Medicare Health Fair at the Virginia Beach Convention Center, 1000 19th Street, Virginia Beach, VA on **November 16, 2013**. This event, hosted by Senior Services of Southeastern Virginia, is free and open to the public.
- Hook Law Center will be presenting a seminar on Special Needs Trusts to the Parkinson's Young Onset Support Group at their bi-weekly meeting in Virginia Beach, VA on **November 16, 2013**.
- Hook Law Center will present a seminar to Wall, Einhorn & Chernitzer P.C. on **November 18, 2013**.

**Upcoming Events**

- Hook Law Center will be presenting a webinar on the Affordable Care Act and Elder Law and Special Needs Planning on **December 4, 2013**. This webinar will be hosted by Interactive Legal.
- Hook Law Center will present a seminar on Health Care Reform at Senior Advocate's Lunch & Learn at the Reserve at Greenbrier, Chesapeake, VA on **December 19, 2013**.
- Hook Law Center will be presenting a live webinar on POAs, AMDs and the Ethics of It All in Charlottesville, VA on **April 10, 2014**. This webinar will be hosted by Virginia Continuing Legal Education.

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