

## Frequently Asked Questions and Answers For the World Race as it relates to PPACA

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This overview for *MissionSafe* and *Adventures In Missions* is not intended to offer tax advice. We highly recommend that you consult with a tax specialist to review your possible options. Each person's tax situation is different. We hope to provide assistance with terms and direction to IRS resources for your information.

### Resources:

- **MissionSafe.com** – Insurance provider for “International Medical” for the World Race
- **Healthcare.gov** – Official site of the Affordable Care Act
- **WorldInsuranceStore.com** – Resource for “Domestic Medical” Insurance

### Introduction:

Insurance is an important part of any international travel. Understanding the difference between international medical insurance (and the many non-medical benefits it typically provides) versus domestic (U.S.) health insurance and the many requirements in the age of healthcare reform can be challenging. The following overview is designed as a simple introduction to the following subjects:

- (1) Healthcare Reform and the Individual Mandate
- (2) International Medical Insurance Vs. Domestic Health Insurance

### Frequent Questions and Answers:

#### **1. What is PPACA?**

PPACA is the official abbreviation for the Patient Protection and Affordable Care Act. You will often see this law referenced by several different names.

1. PPACA – Patient Protection and Affordable Care Act
2. ACA – Affordable Care Act
3. Obamacare

#### **2. Where can I learn more about my responsibilities under PPACA?**

A good place to start is:

- [www.Healthcare.gov](http://www.Healthcare.gov)
- <https://www.irs.gov/Affordable-Care-Act/Individuals-and-Families>

### 3. What is the individual shared responsibility provision of the ACA?

Starting in 2014, the individual shared responsibility provision calls for each individual to have qualifying health care coverage (known as minimum essential coverage) for each month, qualify for an exemption, or make a payment when filing his or her federal income tax return.

This means that most individuals in the United States are required to have domestic health insurance.

To learn more about how the individual shared responsibility provision (also called the "Individual Mandate") affects you while you travel abroad you can visit:

- <https://www.irs.gov/Affordable-Care-Act/Individuals-and-Families/Individual-Shared-Responsibility-Provision>

### 4. If I am traveling outside the United States for 11 months on the World Race do I have to have both (1) Domestic and (2) International health insurance?

**International** - YES - As part of your cost to participate in the World Race, all travelers are required to be covered under a group international medical policy. International medical policies include many unique benefits that domestic insurance does. Some of these features are medical evacuation in cases of emergency, international records translation, foreign medical network discounts, and funds to pay for a loved one to travel to be with you in a foreign hospital. (See policy overview for details and qualifications).

**Domestic** – Most likely – While it is always a good idea to maintain your US health insurance, there are several considerations international travelers may want to review:

- Do I qualify for an exception to the individual shared responsibility provision?
- Would I rather pay a penalty or have insurance coverage?
  - Penalties for 2015 are the greater of 2% of income above the filing threshold or \$325.00.
  - Penalties for 2016 are the greater of 2.5 % of income above the filing threshold or \$695.00
- Do I qualify for a subsidy on the Federal insurance exchange for any reason?

Resources to analyze the questions above:

- See questions 11 & 12 <https://www.irs.gov/Affordable-Care-Act/Individuals-and-Families/Questions-and-Answers-on-the-Individual-Shared-Responsibility-Provision>
- <https://www.irs.gov/Affordable-Care-Act>

### 5. If I cancel my domestic coverage, how do I get it back when I come back from the World Race?

While we do not recommend you cancel your domestic insurance, MissionSafe does have staff available to assist you when you are near the end of the race. You can also visit [www.worldinsurancestore.com](http://www.worldinsurancestore.com) to view health insurance options available to you upon your return.

## CASE STUDY:

This does not constitute legal advice and participants should seek the assistance of their accountant or private attorney who may be more familiar with each particular need.

### Facts:

- 26 year old Georgia school teacher has her employer based domestic health insurance through Blue Cross/Blue Shield and her contract ends in July 31, 2015.
- She leaves the USA on September 3, 2015 for an 11 month mission trip that she has saved and raised financial support from friends for while she is out of the country.
- She returns on July 15, 2016 from overseas and returns to her teaching job on August 1, 2016 where she will go through open enrollment in October 25, 2016.
- It is understood that since her contract ends August 1, 2015 and she will have no paid hours until her return August 1, 2016, she could be considered a new employee upon her return since the coverage break period is more than 26 weeks.
- Because the school is not keeping her on coverage for the 11 months she is traveling, the contract ends and coverage terminates at the time of the termination date.
- The school should offer her COBRA. However, she needs to review the terms of COBRA for what it says about coverage outside the United States.

### Specific Considerations

**Question:** Because she is not out of the USA for more than 330 days in both 2015 and 2016, is she subject to the penalty for both?

**Answer:** She could be facing a penalty both in 2015 and 2016 for the months that she did not have coverage. The dates provided indicate that she will be out of the country only a total of 316 days (From September 3, 2015 through July 15, 2015).

**Question:** Are there state income minimums that allow her to avoid the penalty and be covered by Medicaid?

**Answer:** If her income is below the threshold of filing tax returns, then she will likely not be mandated to have coverage.

**Question:** How is the penalty calculated?

**Answer:** The penalty is based on the months that you do not have coverage and any exception to the requirement to have coverage that you may qualify for.

**Question:** Is the penalty pro-rated for the number of months she did not have domestic coverage?

**Answer:** Yes.

**Question:** Could she be eligible for federal insurance subsidies to help pay for her domestic insurance?

**Answer:** Possibly. Subsidies are based on her qualifying for insurance coverage based on her income and eligibility due to a life event.

Possible health coverage exemptions that the participants of World Race may be eligible for as it pertains to PPACA:

These Types of Coverage Exemptions are listed on IRS Form 8965:

- **Income below the filing threshold.** If the tax filer's income falls below 133% of the Federal Poverty Level, they are not required to file income taxes for that given tax year. The poverty thresholds are the same nationwide, with no separate figures for different states. (Per HHS.gov – Health & Human Services). Currently the calculated poverty line is equated to roughly \$14,000 of income. However, keep in mind it is based on total household income and the number of persons that are tax dependents in a family/household.
- **Coverage considered unaffordable.** The minimum amount you would have paid for premiums is more than 8% of your household income.
- **Citizens living abroad.** A U.S. citizen or resident who spent at least 330 full days outside of the U.S. during a 12 month period. Coverage requirements currently are based on a calendar year and anyone claiming this exemption should seek advisement from an accountant or tax professional.
- **Resident of a state that did not expand Medicaid.** Your household income was below 138% of the federal poverty line for your family size and at any time in the year you resided in a state that did not participate in the Medicaid expansion under the ACA. Georgia did not expand its Medicaid program.
- **Short coverage gap:** You went without coverage for less than 3 consecutive months during the year. It is advisable to clarify this with an accountant.

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