

Dear Client,

2014 is the first year of the Individual Mandate that all Americans have health insurance. This provision is part of the Affordable Healthcare Act passed into law in 2010.

During the preparation of your federal income tax return, I will need to see evidence that every member of your household reported on your tax return is covered by health insurance for 2014 and that the insurance met Minimum Essential Requirements of coverage. This is generally deemed to cover 60 per cent of the cost of your healthcare. What I need to see is what you would show the hospital if you went to the emergency room.

If you purchased your health insurance through the federal or state healthcare exchange, you should receive a Form 1095 A from the exchange by January 31, 2015. In future years, all providers of insurance will be required to provide those covered with a 1095 B or C in addition to the Form 1095 A if you continue to purchase health insurance through the exchange.

However, the Affordable Care Act established statutory exemptions from the individual shared responsibility payment when the taxpayer experiences "hardships" preventing them from being able to purchase health insurance Coverage.

Some exemptions from healthcare coverage are claimed on the tax return, while some require an application through the exchange. An exemption obtained through the exchange has a unique Exemption Certificate Number , ECN. This number is required to report on the new Form 8965, *Health Coverage Exemptions*. There is no ECN electronic application. You will need to complete the application and wait to receive the ECN in the mail in approximately 2 to 3 weeks. You can obtain the application at www.Healthcare.gov.

The Affordable Healthcare Act has placed many requirements on taxpayers but the requirements do not stop there. As your tax professional I am required to conduct sufficient due diligence to determine your coverage is sufficient to not warrant the penalty assessed by the Healthcare Law. Your return will require additional time and computation with more than six new tax forms added to the filing for 2014. Without question, return preparation time will be increased as well as time to consider all the aspects of how the Affordable Healthcare Act will impact you.

With great regard,