



Important Information Regarding the Medical Loss Ratio (MLR) Rebate

Please note this is a unique situation that only affects a small group of taxpayers.

What is the Medical Loss Ratio (MLR) rebate and how does it affect you?

Due to the Affordable Care Act enacted in May 2010, insurance companies are required to spend a specified percentage of premium dollars on medical care and quality improvement activities, meeting an MLR standard. Beginning in the 2012 tax year, insurance companies that did not meet the MLR standard in the 2011 tax year were required to provide rebates to their consumers. If you received an MLR rebate, which included months you received the HCTC, you must return a portion of that rebate to the IRS.

What do you need to do if you received the MLR rebate?

If you received the MLR rebate, which included months you received the HCTC, use the following table to calculate the amount you need to return to the federal government. Once you have calculated the amount you must return, include that amount as "Other Taxes" owed on Line 60 of your 2012 Form 1040, *U.S. Individual Income Tax Return*, and enter the corresponding code, "HCTC."

Steps to calculate the percentage of the MLR rebate owed to IRS		Example Calculation	Your Calculation
1	Take the full amount of the MLR rebate check	\$500	
2	Determine the number of months you were enrolled in your health plan in 2011	10 months	
3	Divide Line 1 by Line 2	= \$50	
4	Determine the number of months you received the HCTC in 2011*	8 months	
5	Multiply Line 3 by Line 4	= \$400	
6	Multiply Line 5 by 65% (.65) for the HCTC tax credit percentage	= \$260	
7	Enter the total from Line 6 onto Line 60 as "Other Taxes" owed on your 2012 Form 1040, <i>U.S. Individual Income Tax Return</i> , and enter the corresponding code, "HCTC."		

*The number of months you received the HCTC can be found in Box 2 on your 2011 Form 1099-H, *Health Coverage Tax Credit (HCTC) Advance Payments*.

For more information

For more information regarding the MLR rebate, please visit [http://www.irs.gov/uac/Medical-Loss-Ratio-\(MLR\)-FAQs](http://www.irs.gov/uac/Medical-Loss-Ratio-(MLR)-FAQs) or call the toll-free IRS tax assistance line at 1-800-829-1040. For more information about how to claim the Yearly HCTC, please visit the "HCTC Information for Yearly Filers" page on www.irs.gov/hctc or call the HCTC Customer Contact Center at 1-866-628-HCTC (4282). For those with a hearing impairment, call 1-866-626-4282 (TTY).