

**INSTRUCTIONS TO COMPLETE THE SCHEDULE HC  
WHEN YOU FILE YOUR TAXES  
FOR THE TAX YEAR ENDING 12/31/2023**

***IMPORTANT: If you had coverage during 2023 under Medicare Part A or certain governmental plans that qualify as MCC, or if you were covered under another health plan that qualified as MCC during 2023, you are automatically exempt from any MCC penalty and will not have to take any action to obtain a waiver.***

**Q1: What is Massachusetts Minimum Creditable Coverage (MCC)?**

Massachusetts state law requires that MA residents have health coverage that meets certain requirements (MCC) or face a potential penalty under the state’s individual coverage mandate. For MA state law purposes, MCC is the minimum level of coverage that a resident must have in order to be considered covered under MA state law and avoid tax penalties. Note that the state MCC requirements are different from the federal Affordable Care Act (ACA) requirements. While the Plan offers high-level benefits, which is considered “minimum essential coverage” under ACA standards, it does not provide full maternity coverage for dependent children and, therefore, it is not considered “MCC” under MA’s requirements.

**Q2: How does this affect me?**

The result of not being covered by a health plan providing MCC is that you are subject to a Massachusetts state tax penalty. However, the Plan has been in close contact with the Connector since 2018 to coordinate a process for MA residents covered by the Plan to **avoid** any state tax penalties related to MCC. Since the 2019 tax year, the Connector allowed the Plan to submit a group application for individual Certificates of Exemption (COE) for MA residents covered by the Plan to include with their state tax filings. Effective the 2020 tax year, the Connector changed the process for avoiding tax penalties. While the process has changed, the end result is the same – **you should not be responsible for any tax penalties related to the MCC requirement.**

**Q3: What do I need to do?**

Complete the Schedule HC. The 2023 Schedule HC can be found at <https://www.mass.gov/doc/2023-schedule-hc-health-care-information/download>. Instructions are set forth in the DOR Form 1 Schedule HC Instructions, available at <https://www.mass.gov/doc/2023-schedule-hc-instructions-1/download>.

If you had coverage during all of 2023 under **Medicare Part A** or certain governmental plans that qualify as MCC, or if you were covered under another health plan that qualified as MCC during all of 2023, you are automatically **exempt** from any MCC penalty and will not have to obtain a waiver. You need only complete

questions 1 through 4 on the Schedule HC, and question 5 which states that you are not subject to any penalty.

**If you did not have coverage under Medicare Part A or other MCC coverage during 2023, you need to complete the remainder of Schedule HC, and there is a streamlined process for residents to dispute the tax penalty:**

- In question 6 of the Schedule HC, you need to indicate whether your income in 2023 was at or below 150% of the federal poverty level (if it was, **you do not need to do anything further** and you are not subject to any penalty).
- You need to complete question 7 of the Schedule HC only if you or your spouse had other health coverage that qualified as MCC for part of 2023. If your coverage under the SAG-AFTRA Health Plan was your only coverage during 2023, you can skip question 7.
- Complete questions 8 and 9 only if you are claiming a religious exemption from the MCC requirements of if you separately obtained a Certificate of Exemption from the Connector for the 2023 tax year.
- The Connector has advised that completion of questions 10-12 of the Schedule HC (regarding affordability of coverage) is optional. It may be beneficial to you to complete these questions because if there were no affordable coverage options available to you, you will be exempt from the penalty and there is no need to appeal. Therefore, it is up to you whether you want to complete these questions or leave them blank and continue with the rest of the form.
- At the bottom of page 3 of the Schedule HC, fill in the oval for yourself (and your spouse, if you are married and your spouse is subject to the penalty) stating that you wish to appeal the penalty. While the form states that you may be required to attend a hearing on the appeal, the MA Connector has advised us that **no hearings will be necessary**.

**Q4: What happens after I submit Schedule HC indicating I intend to appeal?**

If you are not otherwise exempt from the penalty and you submit your Schedule HC (with your taxes) stating that you wish to appeal the penalty, you will later receive a follow-up letter from the MA Department of

## Schedule HC Complete Only If You Are Filing an Appeal

**You must complete the Health Care Penalty Worksheet to determine your penalty amount before completing this section.**

You may have grounds to appeal if you were unable to obtain affordable insurance that met the minimum creditable coverage requirements in 2020 due to a hardship or other circumstances. The grounds for appeal are explained in more detail in the instructions. **If you believe you have grounds for appealing the penalty, fill in the oval(s) below. The appeal will be heard by the Massachusetts Health Connector.** By filling in the oval below, you (or your spouse if married filing jointly) are authorizing DOR to share information from your tax return, including this schedule, with the Massachusetts Health Connector for purposes of deciding your appeal.

**Important information if you are filing an appeal:**

**You will receive a follow-up letter asking you to state your grounds for appeal in writing, and submit supporting documentation. Failure to respond to that letter within the time specified in the letter will lead to dismissal of your appeal and will result in a future assessment of a penalty.**

Once your documentation is received, it will be reviewed by the Massachusetts Health Connector and you may be required to attend a hearing on your case. You will be required to file your claims under the pains and penalties of perjury.

**Note:** If you are filing an appeal, make sure you have calculated the penalty amount that you are appealing, but do not assess yourself or enter a penalty amount on your Form 1 or Form 1-NR/PY. Also, do not include any hardship documentation with this return. You will be required to submit substantiating hardship documentation at a later date during the appeal process.

**You:**  I wish to appeal the penalty. I authorize DOR to share this tax return including this schedule with the Massachusetts Health Connector for purposes of deciding this appeal.

**Spouse:**  I wish to appeal the penalty. I authorize DOR to share this tax return including this schedule with the Massachusetts Health Connector for purposes of deciding this appeal.

Revenue asking you to complete a “Statement of Grounds” for your appeal. **When you receive the Statement of Grounds, please complete it and include a copy of the Notice from this website and send it back to the MA Department of Revenue within the time stated.** The Connector has advised us that including this Notice “will flag the case for a quick approval rather than going through the hearing process”. **No penalty will be assessed by the MA Department of Revenue pending the outcome of your appeal.**

We have advised the Connector that the penalty should not apply to individuals with SAG-AFTRA Health Plan coverage during the 2023 tax year because 1) you purchased health coverage that was close to or substantially met the MCC requirements (the SAG-AFTRA Health Plan coverage) and, under the circumstances, you did not purchase other insurance that met the MCC requirements; and/or 2) you purchased health coverage that did not meet MCC requirements (the SAG-AFTRA Health Plan coverage) because that is all that your employer offered and, under the circumstances, you did not purchase other insurance that met the MCC requirements. You will be able to indicate that on your Statement of Grounds, and you’ll enclose this notice as support. You **may** also base your appeal on other circumstances, such as a documented financial hardship during 2023 that satisfies criteria stated in the Schedule HC instructions if you wish to do so, but it will not be necessary.

Be advised that the SAG-AFTRA Health Plan has no role or input in, nor any control over, the appeal process, and cannot advise you as to the best manner in which to pursue an appeal. That being said, however, we have worked closely with the Connector to advocate on behalf of all Plan participants and dependents residing in Massachusetts to assist you in this process and that have been cooperatively partnering with us to make this process as easy as possible. While the process is new for individuals covered by the Plan, other similar plans have been using it without any issues, and the Connector wants to keep the process uniform across the board.

If you have any questions regarding this document, please contact the Plan at (800) 777-4013. You can also speak with your tax consultant.

For questions regarding tax forms, contact the MA Department of Revenue:

Email: <https://wfb.dor.state.ma.us/DORCommon/ContactUs.aspx?grp=dor&type=pit>

Phone: DOR's call center hours for tax help are 9 a.m. – 4 p.m., Monday through Friday. (617) 887-6367 or (800) 392-6089 (toll-free in Massachusetts)

For questions regarding the HC tax penalty appeal process, contact the Connector:

Email: Connector-appeals (CCA) [connector-appeals@mass.gov](mailto:connector-appeals@mass.gov)

Phone: 617-933-3164 (leave a detailed message and best time to call back)