



THE TAX INSTITUTE™
AT H&R BLOCK

Affordable Care Act Consumer Survey

Survey Findings

Fall 2014

ABOUT THE TAX INSTITUTE AT H&R BLOCK

The Tax Institute at H&R Block is the go-to source for objective insights on federal and state tax laws affecting the individual. It provides nonpartisan information and analysis on the real world implications of tax policies and proposals to policymakers, journalists, experts and tax preparers. The Institute's experts include CPAs, Enrolled Agents, tax attorneys and former IRS agents. Building off more than 10 years of research and analysis from a specialized tax research group at H&R Block, the company launched The Tax Institute in 2007.

ABOUT THIS REPORT

This report presents the findings of a telephone survey conducted among a dual national probability sample of 1,004 adults comprising 502 men and 502 women 18 years of age or older, living in the continental United States. Results have a margin of error $\pm 3.0\%$ at the 95% confidence level. Interviewing for this CARAVAN® Survey was completed during the period October 23-26, 2014 by ORC International.

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KEY FINDINGS

The Tax Institute at H&R Block commissioned a national survey in the fall of 2014 to measure consumer awareness and attitudes on the Affordable Care Act. This survey served as a follow-up to a study on the topic released by The Tax Institute last fall following a multi-city Engagement Tour gathering policymakers and influencers to discuss the tax implications of the Affordable Care Act.

The survey found overall awareness of the need to obtain health coverage or face a tax penalty has increased since H&R Block last conducted a consumer health survey in 2013. **However, the survey results showed consumers are overconfident in their ability to navigate the tax impacts of the Affordable Care Act and in the income estimations they made to get a tax credit to help pay for their marketplace health insurance.**

While 61% of respondents said they were confident in their estimations, almost the same amount (66%) did not know that their previous year's tax return (2013) would be used as an income baseline. That disconnect may translate into surprises at tax time when consumers will find their actual refunds to be much less than anticipated.

The survey found that:

Figure 1: When asked if consumers were aware that if they failed to obtain health coverage they would be subject to a tax penalty, respondents answered:

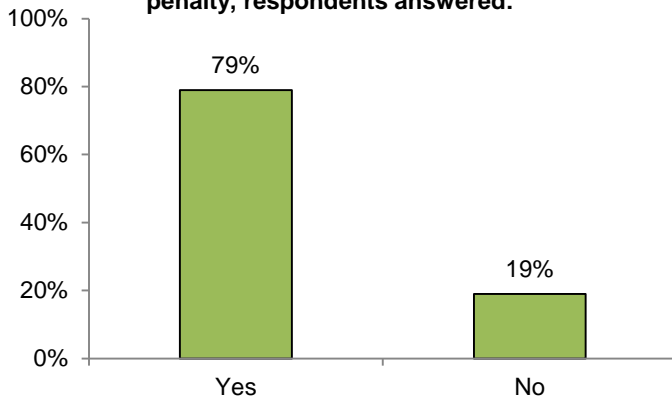
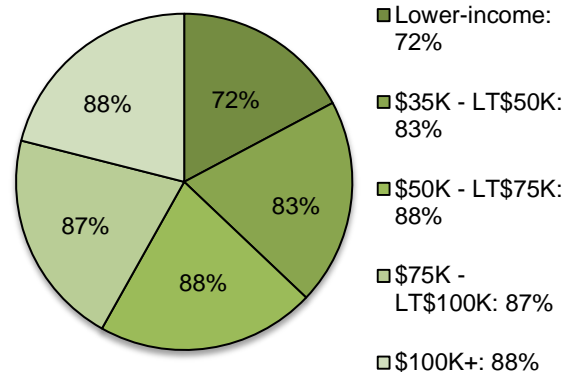


Figure 2: Lower-income respondents are significantly less likely than other income brackets to be aware of the law



- **Most taxpayers are aware they need to obtain health coverage by 2015 to avoid a tax penalty.** Nearly four in five (79%) respondents report awareness of this law – an increase from 71% in 2013.
 - **Middle-aged respondents show greater awareness of this penalty than older and younger groups.** More than any other age group, those aged 35-44 report knowing of this penalty (89%), especially compared to respondents ages 18-34 (73%), as well as respondents 65+ (78%).
 - **Lower-income respondents (72%) are significantly less likely than other income brackets to be aware of the law** (compared to 83% of \$35K – LT \$50K, 88% of \$50K – LT \$75K, 87% of \$75K – LT \$100K, 88% of \$100K+).



- **African American (60%) and Hispanic (71%) respondents are also less aware of this penalty than White Americans (87%).**

Figure 3: When asked if consumers were aware that the previous year's tax return will be used as an income baseline for individuals taking the tax credit, respondents answered:

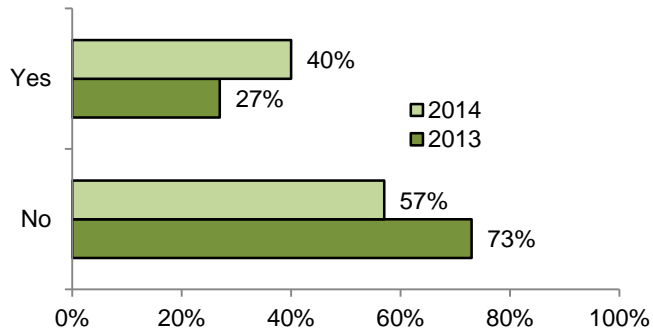
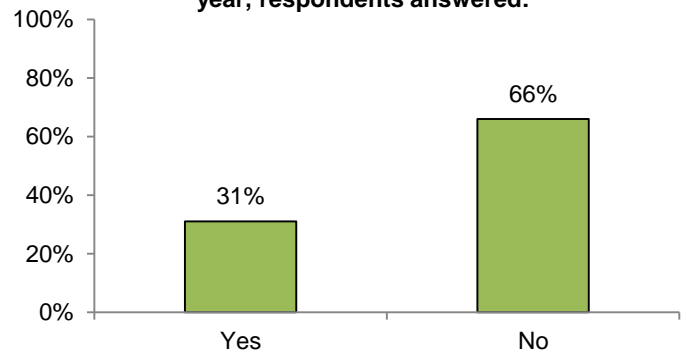


Figure 4: When asked if consumers knew that if they took a tax credit last year, that could impact the amount of their tax refund this year, respondents answered:

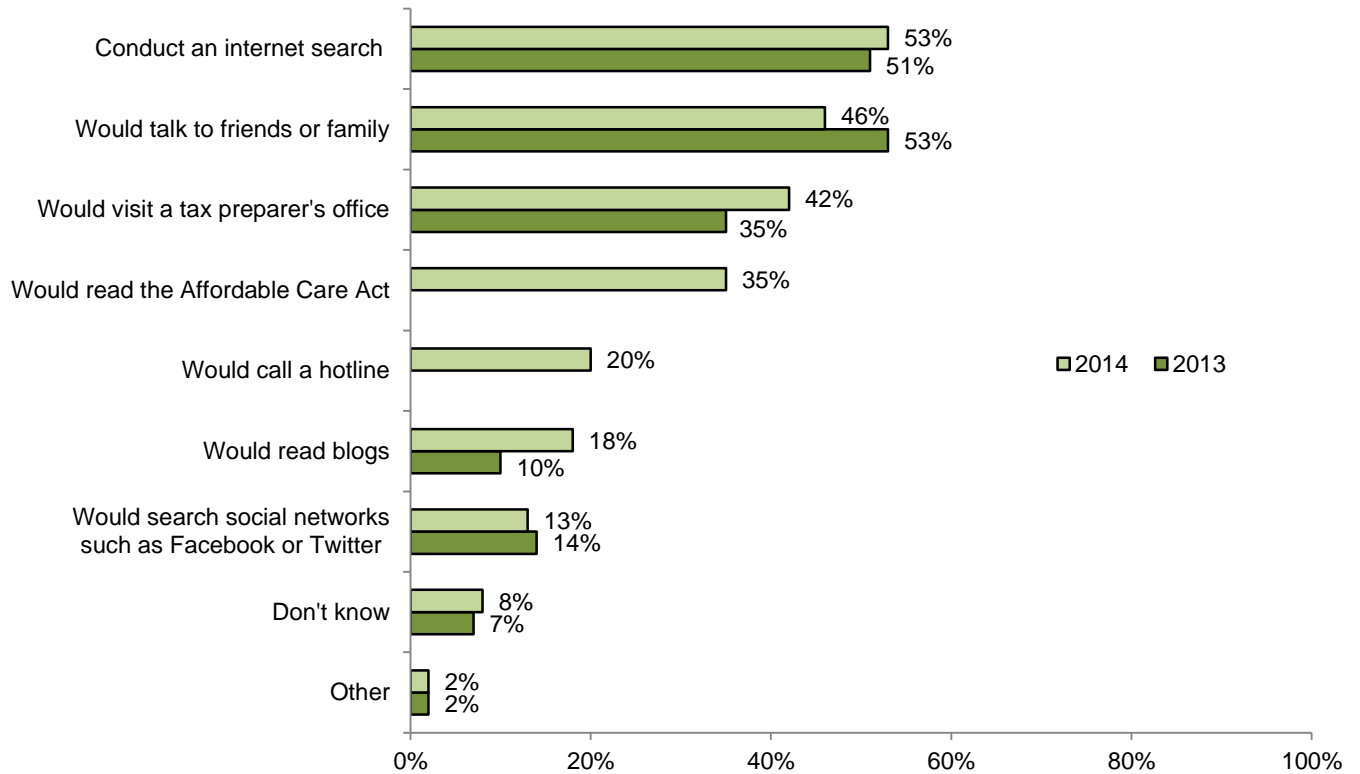


- **There is lower awareness than last year that the previous year's tax return (2013) will be used as an income baseline, for individuals choosing to take the tax credit to help pay for their health care insurance premium.** Two in five respondents (40%) are aware of this fact, compared to 57% who are unaware.
 - **Younger (18-34), female and lower-income respondents are less likely to be aware of this rule than their cohorts.** Women are significantly less likely than men to be aware (34% women, compared to 48% men). Respondents ages 18-34 (29%) are least likely of all age groups to know this (compared to 45% of 35-44, 46% of 45-54, 52% of 55-64, 39% of 65+). Further, those making \$75K+ tend to be more aware than lower income groups.
- **The majority of respondents did not know that taking a tax credit last year to help pay for their insurance premium could impact their tax refund amount this year.** Two in three respondents (66%) were unaware of this fact.
- **Respondents would most likely use the internet or refer to friends/family to learn more about how tax implications of the ACA will impact their own tax refund.** About half of respondents (53%) would do an internet search, and 46% would talk to friends or family.
 - Consumers are less likely to use social networks (13%) or read blogs (18%).
 - Older respondents (ages 65+) are much more likely than those 18-34 to visit a tax preparer's office for this information (48% of those ages 65+ compared to 37% of those ages 18-34).
- **While most respondents are confident they correctly estimated the income determining the amount of credit they received, some hesitation exists.** Three in five respondents (61%) said they are confident, however, one in four say they are not confident in their income estimation, and 15% do not know.



- Younger respondents (18-54) tend to be more confident in these income estimations than older respondents (55+) overall.

Figure 5: When asked what approach consumers would take to learn more about how the tax implications of the ACA will impact their own tax refund, respondents answered:



DETAILED FINDINGS

1. The individual mandate of the ACA is a requirement that all Americans have health insurance coverage by 2015. Are you aware that if you fail to obtain health coverage you will be subject to a tax penalty?

a. OVERALL,

	2014	2013	2012
Yes	79%	71%	69%
No	19%	29%	31%

b. SIGNIFICANCE IN SEGMENTS

- i. Nearly nine in ten (87%) White (Non-Hispanic) respondents report awareness of this tax penalty, which is significantly more than African Americans (Non-Hispanic) (60%) and Hispanics (71%).
- ii. Respondents ages 35-44 (89%) show greater awareness of this penalty than younger respondents 18-34 (73%), as well as older respondents ages 65+ (78%).
- iii. Lower-income respondents (72%) are least likely to be aware of the tax penalty should they fail to obtain health coverage by 2015 (Compared to 83% of \$35K - LT\$50K, 88% of \$50K – LT \$75K, 87% of \$75K – LT \$100K, 88% of \$100K+).

2. Before this survey, did you know that your 2013 tax return will be used as a baseline for your income if you choose to take the tax credit to help pay for your health care insurance premium?

a. OVERALL,

	2014	2013	2012
Yes	40%	27%	23%
No	57%	73%	77%

b. SIGNIFICANCE IN SEGMENTS

- i. About half of men (48%) are aware of this stipulation, which is significantly more than women (34%).
- ii. Younger respondents (29%) are least likely to be aware of this rule (compared to 45% of 35-44, 46% of 45-54, 52% of 55-64, 39% of 65+).
- iii. Respondents with higher income levels are significantly more likely than those with lower incomes to know their 2013 tax return will be used as a baseline income if they choose the tax credit (52% of \$75K – LT \$100K and 55% of \$100K+ versus 33% of LT \$35K, 43% of \$35K - LT\$50K and 33% of \$50K – LT \$75K).



- iv. Half of college graduates (51%) are aware, compared to 37% of people who have not completed college and 34% of high school graduates or less.

3. Before this survey, did you know that if you took a tax credit last year to help pay for part of the cost of your insurance premium that it could impact the amount of your tax refund this year?

a. OVERALL,

Yes	31%
No	66%
Don't know	3%

4. Assuming that you wanted to LEARN MORE about how the tax implications of the ACA WILL IMPACT YOUR OWN TAX REFUND, which of the following approaches would you take? Would you...

a. OVERALL,

Conduct an internet search	53%
Would talk to friends or family	46%
Would visit a tax preparer's office	42%
Would read the Affordable Care Act	35%
Would call a hotline	20%
Would read blogs	18%
Would search social networks such as Facebook or Twitter	13%
Don't know	8%
Other	2%

b. SIGNIFICANCE IN SEGMENTS

- i. The younger the respondent, the more likely he or she is to conduct an internet search to learn more about how the tax implications of the ACA will impact their own tax refund. About seven in ten 18-34 year olds (72%) would conduct an Internet search (compared to 57% of ages 35-44, 49% 45-54, 43% of 55-64 and 28% of 65+).
- ii. Younger respondents (ages 18-34, 58%) are also most likely to talk to family or friends (compared to 38% of ages 35-44, 45% of 45-54, 44% of 55-64 and 37% of 65+).



- iii. About half of respondents ages 65+ (48%) would visit a tax preparer's office for information on how ACA will impact their tax refund, which is significantly more than younger respondents ages 18-34 (37%).

5. If you received a tax credit to help you pay for marketplace insurance, are you confident you correctly estimated your income that determined the amount of credit you received?

a. OVERALL,

Yes	61%
No	25%
Don't know	15%

b. SIGNIFICANCE IN SEGMENTS

- i. Younger respondents who received a tax credit to help pay for marketplace insurance tend to be more confident they correctly estimated their income than older respondents (65% of ages 18-34, 66% of 35-44 and 64% of 45-54, compared to 52% of 55-64 and 51% of 65+).
- ii. Two-thirds of those with children in the household (67%) are confident they estimated income correctly, which is significantly more than those without children in the household (57%).