Health Insurance and Taxes â€“ Protecting Your Identity and Avoiding IRS Penalties

September 22, 2015 â€“ As we approach the end of the year, corporate America is making sure that it is ready for the upcoming income tax season. This is especially true within the health insurance industry. Thatâ€™s because anyone not having health insurance is now faced with penalties that are charged by the IRS. To enforce this portion of the law, health insurance companies are not required to have your social security number on file and issue a letter stating that you are insured. Unfortunately, this poses some risks to the consumer.

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If you have an older insurance policy, or if it is your first year with your current carrier, there is a decent chance that your insurer doesnâ€™t have your SSN on file. In my case, my insurer apparently lost itâ€¦ not very comforting. Regardless of the reason for not having an SSN on file, insurers have begun sending out snail mail to their customers asking them to review their records and to make updatesâ€¦ including SSNsâ€¦ when needed.

So far this year, my family has received two of these requests. The forms were almost identical. Both showed the last four digits of each SSN on the account and both requested that corrections be submitted in writing in the space provided on the form. From my perspective, thatâ€™s a real problem because they were asking me to fill in a full SSN and then send it back to them in the mail on a form that had my full name and address. About the only thing missing was my date of birth.

Neither of the forms had a contact phone number to call but I wasnâ€™t about to pop a form like this in the mail. So I looked up the numbers and made the calls. Problem solved.

Unfortunately, you can no longer ignore this type of request when you receive it. If you do, you could find yourself facing

a penalty equivalent to 2% of your annual income this year. Ouch! But neither should you fill out the form and send it in through the mail. In the first place, you have no idea who is going to have access to it. Secondly, it could easily be stolen or delivered to an incorrect address.

While Iâ€™m not crazy about the idea of calling my insurer and handing over my SSN to someone in a call center, thatâ€™s a lo safer than the way my insurers wanted to handle the issue. It may not be the most convenient method, but it could save you from having to deal with identity theft in the future.
byJim Malmberg
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