

Examining and Addressing Taxpayer Expectations for Affordable Care Act (ACA) Automated Information

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Introduction

The Patient Protection and Affordable Care Act (PPACA), commonly referred to as the Affordable Care Act (ACA), is a United States (U.S.) Federal statute signed into law by President Barack Obama on March 23, 2010. Together with the Health Care and Education Reconciliation Act, it represents the most significant regulatory overhaul of the U.S. healthcare system since the passage of Medicare and Medicaid in 1965.¹ The ACA has 500 provisions, with more than 40 provisions amending or adding to the existing tax code. The applied changes increase the complexity of tax administration, the administrative workload of the Internal Revenue Service (IRS), and the level of burden on taxpayers. Examples of some of the applied changes, additional IRS duties, and increased burdens on taxpayers include:

- Collecting new types of information from employers, insurers, and taxpayers: The ACA requires employers to tell the IRS whether an employee has health insurance. At the end of the year, insurers must provide the IRS and policyholders a form verifying coverage status, and individuals must include those forms with their annual Federal tax return. Taxpayers must be sure that they report coverage accurately on their return, and that their insurance coverage is adequate, based on the ACA coverage requirements.
- Determining who qualifies for subsidies, Medicaid, or exemptions: The ACA will provide Federal subsidies (known as premium tax credits) to help millions of people pay for their health insurance coverage. When an individual applies for coverage on an exchange (either Federal or State), the information provided will be cross-checked with income, job, and coverage information from the IRS to determine eligibility for a premium credit or Medicaid. Taxpayers who meet certain criteria may be eligible for a coverage exemption or a premium tax credit. Outside of traditional Federal tax return filing protocol, additional steps must be taken by taxpayers to apply, qualify, and calculate exemption or credit amounts.

Administration of ACA has provided the IRS with unique challenges and opportunities for success. In order to assist taxpayers with voluntary compliance by addressing the vast array of preliminary taxpayer questions, the IRS developed an automated phone line to answer common ACA-related questions.

The IRS recently explored individual and small business taxpayer expectations for ACA information that is provided via the automated phone line. This research asked participants to work through testing scenarios using the automated toll-free line, answer questions gauging their comprehension of the material presented on the line, rate their overall experience, and participate in a focus group discussion regarding their expectations and suggestions for improvement.

¹ Information provided by the Internal Revenue Service (IRS) Joint Operations Center (JOC) Affordable Care Act (ACA) liaison, January 7, 2014.

Objective

The primary objective of this research study was to explore and capture individual and small business taxpayer experiences with and expectations for ACA information that is provided via the IRS automated phone line. The results provided the IRS with insight into preferences, needs, and expectations in an effort to identify areas that needed to be remedied to provide a better overall experience for the taxpayer when seeking information. While these results are applicable to the ACA automated line, the IRS also developed best practices and general lessons learned that are applicable to other automated phone systems.

Research Method

Testing Locations

In order to collect data from a geographically diverse participant group, the IRS selected four cities to host testing sessions during August 2014. Researchers conducted a total of twelve testing sessions (three per city) in Washington, D.C.; Austin, Texas; Denver, Colorado; and Atlanta, Georgia (see Figure 1). Selected locations were limited to cities with IRS facilities or IRS-approved Federal facilities that could accommodate the following requirements:

- The facility had a room that could accommodate 10–15 participants for each 90-minute session.
- The room was available for at least one late afternoon session.
- Facilities could provide 10–12 outgoing phone lines with a minimum of 10 phones for each testing session.

FIGURE 1. Location of Testing Sessions



Participant Recruitment

The IRS used a contractor to recruit participants for each city drawing from a random sample of potential participants who met the recruitment criteria. For this study, all participants had to be 18 years of age or older and have:

1. received wage, pension, or annuity income in Tax Year 2013 for services performed as an employee of the U.S. Government or of any U.S. State or local government; and
2. filed a Tax Year 2013 tax return between cycles 1 and 13 in Processing Year 2014. This means the participants filed their returns by the established deadline for the processing year.

The IRS stratified the sampling pool based on gender, age, filing status, tax return preparation method, Business Operating Division (BOD) code, and Adjusted Gross Income (AGI). The BOD code indicated whether the taxpayer was to be placed into the small business testing session versus the individual testing sessions. Using the final sample, the contractor contacted taxpayers via phone in each city using a screener. The screener included questions to confirm the participant met all recruitment criteria and included questions about previous IRS service channel use and previous ACA-related knowledge and interactions. The contractor recruited a total of 119 taxpayers (80 individual participants and 39 small business participants) for the study.

Demographics

The participant pool was randomly selected to reflect diversity in demographic characteristics such as age, AGI, tax return preparation method, filing status and BOD code.

Participants were evenly spread among each age bracket ranging from 18 years old to 65 years and older (Table 1). Half of the participant population was represented in AGI brackets under \$50,000 (Table 2). Study participants' tax return preparation methods were evenly split between using a paid preparer (42 percent) and self-preparing an electronic return (49 percent) (Table 3). Half of the participant population had a "single" filing status (Table 4).

TABLE 1. Age of Study Participants

Age (in years)	Which category best describes your age?		
	Individual Participants	Small Business Participants	All Participants
18–25	10%	5%	8%
26–34	21%	12%	18%
35–44	19%	16%	18%
45–54	12%	16%	14%
55–64	22%	26%	23%
65 or older	16%	26%	19%

TABLE 2: Adjusted Gross Income of Study Participants

Adjusted Gross Income	Which category best describes your adjusted gross income?		
	Individual Participants	Small Business Participants	All Participants
\$0 to \$15,000	25%	26%	25%
\$15,001 to \$25,000	14%	7%	11%
\$25,001 to \$50,000	26%	23%	25%
\$50,001 to \$75,000	17%	9%	15%
\$75,001 to \$100,000	6%	7%	6%
Over \$100,000	12%	28%	18%

TABLE 3. Return Preparation Method of Study Participants

Preparation Method	Which category best describes your preparation method?		
	Individual Participants	Small Business Participants	All Participants
Paid Preparer	33%	58%	42%
IRS Sponsored Program (e.g., VITA)	1%	0%	1%
Self-Prepared, Paper	10%	7%	9%
Self-Prepared, Electronic	56%	35%	49%

TABLE 4. Filing Status of Study Participants

Filing Status	Which category best describes your filing status?		
	Individual Participants	Small Business Participants	All Participants
Head of Household	21%	14%	18%
Married Filing Joint	29%	28%	29%
Married Filing Separate	4%	0%	2%
Single	45%	58%	50%
Widow(er)	1%	0%	1%

Testing Sessions

Each testing session consisted of a three-part testing sequence that began with calling the main IRS phone line of 1-800-TAX-1040. Participants completed comprehension testing, evaluated their experience using a toll-free ratings sheet, and participated in a focus group discussion.

(A) Comprehension Testing

To facilitate the hands-on toll-free experience, participants were provided a series of fictional scenarios to use while calling the toll-free line and asked to answer comprehension questions aimed at measuring how well the participants understood the information provided on the automated phone line. Each set of comprehension questions was based on the specific scenario. The four scenarios provided to each participant mirrored issues that could be addressed using the ACA toll-free line (Table 5). Scenarios differed for individual taxpayer participants and small business taxpayer participants.

TABLE 5. Participant Comprehension Testing Scenarios

Individual	Small Business
<p>Scenario #1: "Only One Insured"</p> <ul style="list-style-type: none"> • Primary source of income for family • Job provides health insurance for only you • Need to determine the rules for health insurance coverage for your spouse and children • Need to determine if your whole family needs health insurance to avoid penalty 	<p>Scenario #1: "Healthcare Credit Qualifier"</p> <ul style="list-style-type: none"> • You own a small cookie company • Have obtained health coverage for your employees • You heard that some businesses might qualify for the health insurance tax credit • You need to determine if your business will qualify for the credit in 2015
<p>Scenario #2: "Penalty Avoidant"</p> <ul style="list-style-type: none"> • You do not have health insurance • You heard people can purchase insurance through the Marketplace to avoid penalty • If it's too late to avoid the penalty for next spring • You contact the IRS before going to the Health Insurance Marketplace 	<p>Scenario #2: "Insure 10 Employees"</p> <ul style="list-style-type: none"> • Opening a small boutique that will employ approximately 10 employees • Accountant informed you that you'll need to provide insurance for these employees • Accountant provided the IRS toll-free number and suggested you begin there

TABLE 5. Participant Comprehension Testing Scenarios—Continued

Individual	Small Business
<p>Scenario #3: "About Exemptions"</p> <ul style="list-style-type: none"> You do not have health insurance You don't make much money and heard that exemptions can be made on certain circumstances Need to know exemption options so you will not have to purchase coverage and avoid penalty You decide to contact the IRS to see if you qualify 	<p>Scenario #3: "Wondering about SHOP"</p> <ul style="list-style-type: none"> Own a small lawn care business Heard on the radio that all small business owners should be aware of something called SHOP The ad mentioned that SHOP can help business owners and something about taxes You decide to try contacting the IRS for more information
<p>Scenario #4: "Can't Afford"</p> <ul style="list-style-type: none"> You and your spouse cannot afford health insurance You want to avoid being penalized when it's time to file your 2014 tax return You contact IRS to get more information about potential options to avoid penalty 	<p>Scenario #4: "Non-profit Credit"</p> <ul style="list-style-type: none"> Owner of a small non-profit organization Provides health insurance as part of their employee benefit plan May qualify for a health insurance tax credit Decides to contact the IRS for more information about this credit and how to qualify for it

Participants were asked to record each numeric option pressed while attempting to collect the information needed to complete each scenario (Figure 2).

FIGURE 2. Participant Recording Sheet

OMB# 1545-1349

Participant number: _____

Scenario number: _____

Call Route:

Pressed: __

➔

Pressed: __

➔

Pressed: __

➔

Pressed: __

➔

Pressed: __

➔

Pressed: __

➔

Pressed: __

➔

Pressed: __

Were you disconnected? (circle one) **Yes** **No**

Did you reach an assistor? (circle one) **Yes** **No**

Notes:

Participants were asked to answer a series of comprehension questions after completing each scenario. The hands-on experience was self-guided for 35 minutes. All participants were provided the same toll-free number (1-800-TAX-1040), navigated themselves through the provided ACA information, and were allowed to attempt each scenario as many times as they desired in order to fully complete the comprehension questions.

(B) Toll-Free Ratings Sheet

After completing the comprehension testing portion of the session, participants were given 10 minutes to complete a questionnaire evaluating their experience using the toll-free automated line. Participants were asked to rate various aspects of their experience using the ACA toll-free automated phone line. Using a 4-point rating scale, participants responded to the items shown in Figure 3.

FIGURE 3. Participant Toll-Free Ratings Sheet²

Toll-Free Ratings Sheet		Participant Number: _____			
1. Please rate your satisfaction with your overall phone experience.	Not at all Satisfied	Slightly Satisfied	Very Satisfied	Completely Satisfied	<input type="radio"/>
2. How easy or difficult was it for you to use the phone system to complete the tasks?	Very Difficult	Difficult	Easy	Very Easy	<input type="radio"/>
3. Please rate your experience with each of the following aspects of the phone system:	Poor	Fair	Good	Excellent	
Number of menu options	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
Speed of the recorded message	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
Ability to understand the recorded message	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
4. How useful was the information you received from the phone system?	Not at all Useful	Not very Useful	Moderately Useful	Very Useful	<input type="radio"/>
5. Rate the quality of the information you received from the phone system.	Poor	Fair	Good	Excellent	<input type="radio"/>
6. Please rate your satisfaction with the amount of time it took to complete each task.	Not at all Satisfied	Slightly Satisfied	Very Satisfied	Completely Satisfied	<input type="radio"/>
7. Based on your experience, would you be willing to use this service in the future?					
<input type="radio"/> Yes <input type="radio"/> No					

(C) Focus Group Discussion

During the remaining 35 minutes of each testing session, participants were asked to share their overall user experience and recommendations during a moderated focus group discussion. The qualitative data collected through the focus group portion of the testing session was used to understand the taxpayer experience of using the ACA toll-free line and to obtain common themes among participants. The discussion was moderated by an IRS Research Analyst.

(D) Collection and Analysis of Data

Participant responses from the comprehension testing portion of the testing sessions were totaled across scenarios. The responses were totaled separately for individual and small business participants. The toll-free rating worksheet responses for both individual and small business participants were coded and validated. The focus groups were recording and transcribed, and the data were analyzed for similar thoughts and ideas to be categorized into themes. The data were evaluated collectively for all cities combined, but were analyzed separately for individual and small business participants. Across the 4 cities, 119 participants completed sessions.

² Toll-Free Ratings Sheet scale was developed by Internal Revenue Service (IRS) Wage & Investment Research and Analysis (WIRA) Research Group 4, June 9, 2014.

(E) Limitations

When reviewing this research, it is important to take into consideration that participants may respond and behave to hypothetical scenarios and situations significantly differently than they would when faced with a real-life, personal situation. This disclaimer may also be applicable to their established expectations for provided services, actual usage methods of services, understanding the context of the information provided to them in the scenarios as well as countless other factors. When conducting research such as this, it is important to control for as many of those factors as possible. Going forward, several lessons learned can be applied to future research.

The participants responded to a questionnaire during recruitment about their existing knowledge and previous experiences regarding ACA-related information. Though those responses were captured, they were not used in any way to divide the testing participants into experienced and novice categories. In future studies, it would be interesting to measure the differences in overall testing experiences across the varying levels of previous knowledge and ACA-related interactions. All individual participants were provided the same four testing scenarios, and similarly, all small business participants were provided the same four testing scenarios, based on the IRS automated line content. Not all participants connected to the content of the provided scenarios, which resulted in complications and confusion during testing. Often, participants did not complete all four scenarios due to confusion and the limited time frames. In future research, it would be beneficial to alter the content of the scenarios to be more relatable based on current and relevant issues as well as adjust the way the scenarios themselves, as well as the number of scenarios, are administered.

As shown in Figure 2, participants were asked to record the menu items they selected as they were going through the prompts on the automated line, using the Participant Recording Sheet. Because of the size of the groups (approximately 10 participants in each session), it was difficult for the research team to monitor the participants to ensure that this task was being completed correctly. Once the team began to analyze the data, it became apparent that overall the participants had difficulty completing this portion. Because of the significant inconsistencies with the responses for this portion, the data could not be used for any results outside of noting that the task was difficult. The research team was hoping to record the pathways that the participants followed. In future research, steps should be taken to ensure that this task can be completed successfully, possibly using smaller groups or more session assistants.

Results

(A) Comprehension Testing

The responses received by individual participants are shown below in Tables 6 and 7. Not all taxpayers completed all scenarios, so the base number of responses to each question is unique. With each scenario, taxpayers were asked the following questions:

- Were you able to resolve your issue in the time allotted?
- Did you want to speak to an assistor?
- Were you disconnected?
- Did you reach an assistor?

TABLE 6. Individual Experience Attempts

Individual Experience	Scenario I-1	Scenario I-2	Scenario I-3	Scenario I-4	All Individual Attempts*
Disconnected	26%	16%	7%	20%	18%
Reached an assistor	6%	6%	0%	7%	5%

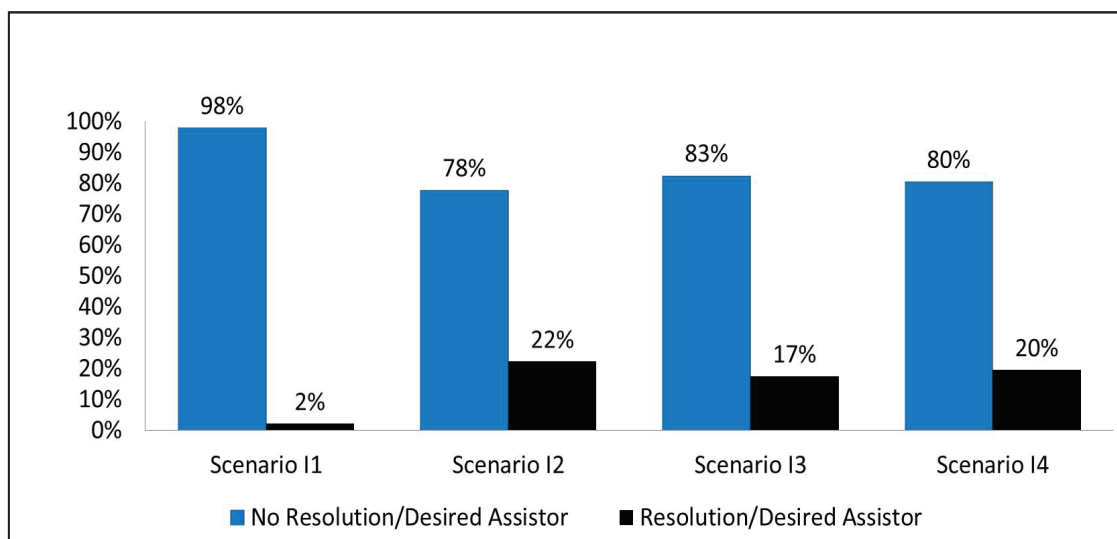
* Since participants completed the scenarios at their own pace, the base number of responses varied across scenarios.

TABLE 7. Individual Comprehension Results

Individual Comprehension	Scenario I-1	Scenario I-2	Scenario I-3	Scenario I-4	All Individual Responses*
Resolved issue	12%	38%	26%	19%	24%
No issue resolution	88%	62%	72%	81%	76%
Desired an assistor	72%	67%	53%	67%	65%

* Since participants completed the scenarios at their own discretion and pace, the base number of responses varied across scenarios..

Approximately 18 percent of all individual attempts to complete the scenarios resulted in a disconnected call. Across the four scenarios, 12 percent to 38 percent of individual participants reported successfully resolving their issue, while 62 percent to 88 percent of individual participants reported not being able to resolve their issue. Overall, the majority (65 percent) of responses from individual participants indicated a desire to speak to an assistor while trying to work through the testing scenarios. However, only a small proportion (5 percent) of all individual attempts to complete the scenarios resulted in participants reaching an assistor. Of all individual participants who desired to speak to an assistor, those who reported being unable to resolve their issue were more likely to indicate a desire to speak to an assistor than those individual participants who resolved their issue, as seen in Figure 4.

FIGURE 4. Individual Participants/Assistor Desired

As previously mentioned, both individual and small business participants responded to a series of questions. The responses from the small business participants are shown below in Tables 8 and 9.

TABLE 8. Small Business Experience Attempts

Small Business Experience	Scenario SB-1	Scenario SB-2	Scenario SB-3	Scenario SB-4	All Small Business Attempts*
Disconnected	19%	14%	13%	13%	15%
Reached an assistor	34%	26%	13%	67%	30%

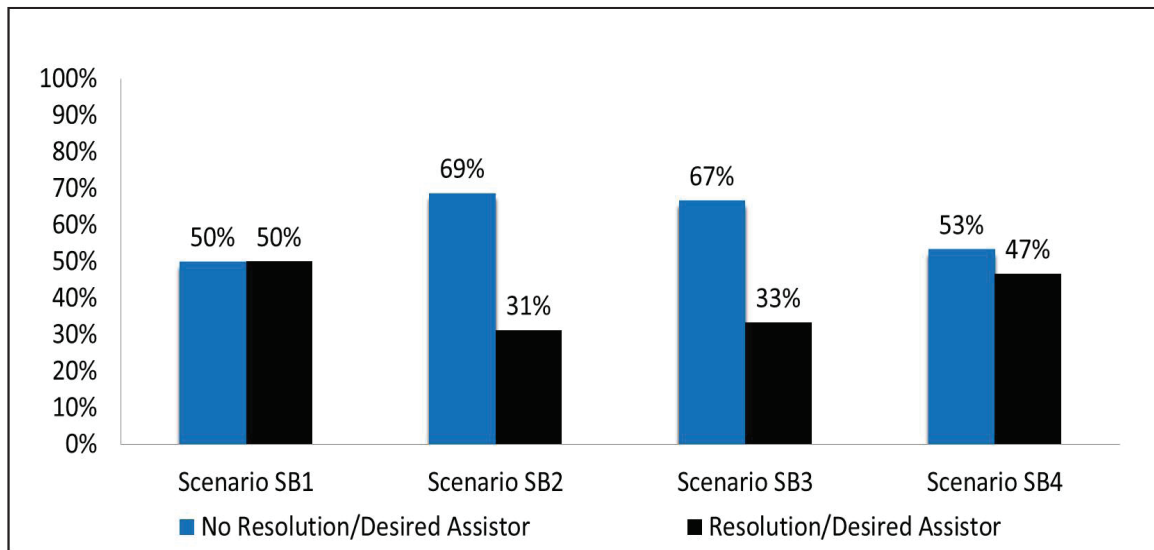
* Since participants completed the scenarios at their own discretion and pace, the base number of responses varied across scenarios.

TABLE 9. Small Business Comprehension Responses

Small Business Comprehension	Scenario SB-1	Scenario SB-2	Scenario SB-3	Scenario SB-4	All Small Business Responses*
Resolved issue	53%	47%	54%	61%	54%
No issue resolution	47%	53%	46%	39%	46%
Desired an assistor	49%	43%	37%	40%	42%

* Since participants completed the scenarios at their own discretion and pace, the base number of responses varied across scenarios.

Approximately 15 percent of all small business participant attempts to complete the scenarios resulted in a disconnected call. Across the four scenarios, 47 percent to 61 percent of small business participants reported successfully resolving their issue, while 39 percent to 53 percent of small business participants reported not being able to resolve their issue. Overall, 42 percent of the responses from small business participants indicated a desire to speak to an assistor while trying to work through the testing scenarios. A total of 30 percent of all small business participant attempts to complete the scenarios resulted in the taxpayer reaching an assistor. Of all small business participants who desired to speak to an assistor, those who reported being unable to resolve their issue were more likely to indicate a desire to speak to an assistor than those small business participants who resolved their issue, as seen in Figure 5.

FIGURE 5. Small Business Participants-Assistor Desired

Small business participants were more likely to report being able to resolve their issue than individual participants. Additionally, fewer small business than individual participants indicated a desire to speak to an assistor while trying to work through the testing scenarios (42 percent vs. 65 percent), and among those who indicated such a desire there was greater variability in issue resolution across scenarios among small business participants compared with similar individual participants. However, the desire to speak to an assistor was well represented among both individual and small business participants, with that desire generally even stronger for those participants reporting not having reached issue resolution.

Overall, both individual and small business participants experienced difficulty navigating the toll-free line, and often were not able to reach the intended or expected information. Please reference Appendices A and B for a detailed breakdown of responses provided to the comprehension questions for each scenario.

(B) Toll-Free Ratings Sheet

A total of 119 taxpayers completed the toll-free ratings sheet: 80 individual participants and 39 small business participants. Individual participants reported not being satisfied with their overall automated phone experience (57 percent not at all satisfied, 43 percent slightly satisfied), and reported varying levels of difficulty with using the automated phone service to complete the tasks (27 percent very difficult, 33 percent difficult). Small business participants were more satisfied with the automated phone service (56 percent slightly satisfied, 26 percent very satisfied), and reported that it was easy to use the tool to complete the tasks (61 percent easy, 16 percent very easy). According to the North American Consumer Technographics Customer Life Cycle Survey 2,³ which was administered in 2014, some 48 percent of U.S. online adults indicate using voice self-service in the past 12 months, and among those who used that service, 56 percent indicate being satisfied with their experience using this method. Similarly, the participants in the current study reported a 56-percent level of satisfaction (including the responses of slightly satisfied, very satisfied and completely satisfied, as seen in Table 10).

Overall, approximately 33 percent of all participants were willing to use the automated phone service again, while 67 percent of all participants reported being unwilling to use the automated phone service in the future (Table 11).

TABLE 10. Participant Toll-Free Ratings Sheet

Overall Satisfaction	Please rate your satisfaction with your overall phone experience.		
	Individual Participants	Small Business Participants	All Participants
Not at all satisfied	57%	15%	44%
Slightly satisfied	43%	56%	47%
Very satisfied	0%	26%	8%
Completely satisfied	0%	3%	1%

TABLE 11. Participant Toll-Free Ratings Sheet

Future Willingness To Use	Would you be willing to use this service again?		
	Individual Participants	Small Business Participants	All Participants
Yes	12%	76%	33%
No	89%	24%	67%

(C) Focus Group Discussion

The qualitative testing session data were collected by the IRS Research Team through focus groups to better understand the taxpayer experience using the ACA toll-free line and to obtain common themes. The quotes provided below are representative of the overall responses that were received from all locations. Each supporting quote has been notated with a location and time to identify the session in which the specific comment was heard.

Participants do not understand the IRS's role in implementing ACA in comparison to other agencies.

- “The IRS are the people who are handling the Affordable Care Act? I didn't know that.”⁴
- “I think if they could, it would be better if they separated. If you wanted to find out about healthcare that you wouldn't be working, doing anything, with the IRS at all unless you had a specific question about your taxes, having to do with healthcare.”⁵

³ North American Consumer Technographics Customer Life Cycle Survey 2, 2014. Survey administered by Forrester Research, Inc.

⁴ Austin, TX, Focus Group, 8/20/2014, 2:00PM

⁵ Denver, CO, Focus Group, 8/22/2014, 11:00AM

When calling the toll-free line, participants would prefer to resolve their issue within that service channel. Many participants expressed a desire to speak with a live assistor, rather than the automated line, but understood that there are constraints.

- “If I’m calling the phone number, it’s because I want information from the phone number. If I was going to go to the website, I would’ve started with the website.”⁶
- “To have every question answered by a real, live person. We can’t afford that. It’s a nice idea, but I call up and want to know what the office hours are. Should somebody be there answering the telephone and give me a human voice to tell me what the office hours are? No, there can just be a machine that tells me that.”⁷

Participants’ expectations impact satisfaction. Altering front matter (initial scripts taxpayers hear) to help establish educated and realistic expectations for the taxpayers’ experience can help alleviate confusion and frustration.

- “There’s a lot of people that just don’t know how to do that (navigate the website). They’re hoping, when you call, you either get a live person or get those answers through the prompts.”⁸
- “I expected that I could push buttons and get a recorded answer to the question. That didn’t happen. Then I thought I’d probably be able to find a person. That didn’t happen, and then I thought, ‘Am I doing this right?’”⁹

The participants have a genuine desire to be compliant, but require more detailed information. Many taxpayers expressed that they need more information about how they are impacted and next steps.

- “You need more meat. You need more meat to what’s going on.”¹⁰
- “You’re calling to gain information. Some of what she was telling you could answer your question. But if it doesn’t answer your question, you kind of zone out, trying to get to-- how do I get my question answered?”¹¹

Making other information channels available would be appreciated.

- “I think maybe even better than this approach would be a live chat. You know how you do that, when you’ve got computer problems, and you can type in something? You usually get a response a lot quicker.”¹²
- “Call back, that’s a good idea. Automatically call you back when they’re ready.”¹³

Changes to certain logistical elements of the phone tool will create a smoother user experience.

- “When it comes to giving out that detailed information like that, just slow it down.”¹⁴
- “I found the computer voice distracting, as opposed to a real recorded person’s voice.”¹⁵
- “And there was no prompt to repeat something. It was a long sentence. If you forgot the last part or you weren’t paying attention to the last part, all you would have to do is repeat again, but you couldn’t because you’d have to go back through the steps.”¹⁶

⁶ Austin, TX, Focus Group, 8/20/2014, 11:00AM

⁷ Austin, TX, Focus Group, 8/20/2014, 2:00PM

⁸ Denver, CO, Focus Group, 8/22/2014, 11:00AM

⁹ Austin, TX, Focus Group, 8/19/2014, 3:00PM

¹⁰ Atlanta, GA, Focus Group, 8/29/2014, 9:30AM

¹¹ Washington, D.C., Focus Group, 8/14/2014, 11:00AM

¹² Denver, CO, Focus Group, 8/22/2014, 2:00PM

¹³ Atlanta, GA, Focus Group, 8/29/2014, 9:30AM

¹⁴ Washington, D.C., Focus Group, 8/13/2014, 3:00PM

¹⁵ Denver, CO, Focus Group, 8/21/2014, 3:00PM

¹⁶ Atlanta, GA, Focus Group, 8/29/2014, 9:30AM

Active Changes as a Result of the Study

Members from the IRS Research Team collaborated with representatives from several business units within the IRS to improve the existing ACA-related call scripts and routing based on experience and insights gained during the testing sessions. The revised scripts set taxpayer expectations up front related to live assistance, helping ease and/or avoid the frustration of taxpayers who can unnecessarily find themselves caught in an endless loop of automated messages while trying to reach a live assistor. Following implementation of the revised scripts, analysis of telephone data from December 2014 through February 2015 reveals that the percentage of calls dropped before the completion of the up-front message dramatically increased from 8 percent to 26 percent. With the IRS' toll-free telephone environment programmed to block calls when the queue reaches a defined threshold (referred to as a courtesy disconnect; taxpayers receive a recorded announcement to call back at a later time), the increase in the percentage of calls dropped during the up-front messaging allows the IRS to provide service to more taxpayers. This success of evaluating the taxpayer experience prior to releasing new phone content has facilitated long-term opportunities for the team to apply this research approach to revise other IRS phone scripts.

Conclusions

Faced with these budgetary constraints and high call demand, the IRS has increasingly had to rely on automated options to handle taxpayer needs including pre-recorded telephone scripts related to general tax information, changes in tax laws, etc. This research provides insight for improvements to automated telephone messages and associated content with the goal of striking the optimal balance of providing the necessary and relevant amount of information through automation, which will supply taxpayers with the information needed to answer their questions and/or resolve their issues without needing to wait in queue to speak with a live assistor. Furthermore, the findings from this research helped inform changes to the content, organization, and delivery of information on the ACA automated line. As mentioned in the limitations, if the research is ever duplicated there are several areas where improvements can be made to better capture a genuine taxpayer experience. However, for a first attempt, this research was successful.

Acknowledgments

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Appendix A

Individual Participant Testing Scenarios and Comprehension Findings

OMB #:1545-1349

Participant Number: _____

Scenario I1

You're the primary source of income for your family and your job provides health insurance for only you, free of charge. You need to find out what the rules are regarding health insurance coverage for your spouse and children; in other words, does your whole family need health insurance coverage to avoid the penalty for not having coverage? Your spouse suggested that you contact the IRS for more information. Your task today is to try to resolve your issue using the following toll-free number: 1-800-829-1040.

Will your entire family need coverage to avoid the penalty?	Number of similar responses
Yes	6
Go to the website	4
I don't know	26

What if you need additional information?	Number of similar responses
IRS.gov	48
Healthcare.gov	24

OMB #:1545-1349

Participant Number: _____

Scenario I2

You're an individual who does not currently have health insurance. You heard that people can purchase insurance through the Health Insurance Marketplace to avoid the penalty for not having coverage. You want to start the process today but do not know if it is too late to avoid the penalty for next spring. You decide to contact the IRS before going to the Health Insurance Marketplace. Your task today is to try to resolve your issue using the following toll-free number: 1-800-829-1040.

Is it too late to purchase insurance to avoid the 2014 penalty?	Number of similar responses
Yes	14
No	4
I don't know	12

What if you need additional information?	Number of similar responses
IRS.gov	18
Healthcare.gov	10

OMB #:1545-1349

Participant Number: _____

Scenario I3

You're an individual who does not currently have health insurance coverage, but heard from some co-workers that there are exemptions that can be made based on certain circumstances. Because you are not making much money in your current job, you hope that an exemption would allow you to not have to purchase coverage and also exempt you from the penalty for not having coverage. You decide to contact the IRS to see if you can qualify for an exemption. Your task today is to try to resolve your issue using the following toll-free number: 1-800-829-1040.

Will you be able to file your 2014 tax return if you do not have insurance?	Number of similar responses
Yes	10
No	4
I don't know	10

What if you need additional information?	Number of similar responses
IRS.gov	4
Healthcare.gov	22

OMB #:1545-1349

Participant Number: _____

Scenario I4

You and your spouse cannot afford health insurance and believe that you will be penalized when it's time to file your 2014 tax return. Your neighbor suggested that you contact the IRS to get more information about potential options to avoid the penalty. Your task today is to try to resolve your issue using the following toll-free number: 1-800-829-1040.

What can you do to avoid the penalty?	Number of similar responses
Go to the website	6
Get insurance	6
Depends on if we qualify for exemptions	4
I don't know	18

What if you need additional information?	Number of similar responses
IRS.gov	6
Healthcare.gov	28

Appendix B

Small Business Participant Testing Scenarios and Comprehension Findings

OMB #:1545-1349

Participant Number: _____

Scenario SB1

You own a small cookie company and have obtained health coverage for your 3 employees. You heard from a friend (another bakery owner) that some businesses might qualify for the health insurance tax credit. You need to determine if your business will qualify for the credit in 2015 and decide to contact the IRS for more information. Your task today is to try to resolve your issue using the following toll-free number: 1-800-829-1040.

Do you need to requalify your business for 2015?	Number of similar responses
Yes	15
Yes, but I want to see what the specific requirements are	1
No	6
I don't know	13
Was diverted to the website 6 times with no response provided	1

What if you need additional information?	Number of similar responses
IRS.gov/aca	22
Call back	4
Try to find SHOP website	2
Healthcare.gov	1
I don't know, try to seek information from another source	2

OMB #:1545-1349

Participant Number: _____

Scenario SB2

You're in the process of opening a small boutique that will employ approximately 10 employees. Your accountant told you that you'll need to provide insurance for these employees but you don't know where to begin. Your accountant provided the IRS toll-free number and suggested you begin there. Your task today is to try to resolve your issue using the following toll-free number: 1-800-829-1040.

What action did the toll-free line tell you to do in order to insure employees?	Number of similar responses
IRS.gov/aca	12
Healthcare.gov and search for minimum essential coverage	9
Talk to an assistor	2
I don't know	5

What if you need additional information?	Number of similar responses
IRS.gov/aca	16
Healthcare.gov, search for minimum essential coverage	6
Call SHOP	3
I don't know	6

OMB #:1545-1349

Participant Number: _____

Scenario SB3

You own a small lawn care business and heard on the radio that all small business owners should be aware of something called SHOP. The ad mentioned that SHOP can help business owners and something about taxes. Because you were driving, you did not hear the telephone number or website the commercial provided. You decide to try contacting the IRS for more information. Your task today is to try to resolve your issue using the following toll-free number: 1-800-829-1040.

What does SHOP stand for?	Number of similar responses
Small Business Option Program	26
I don't know	5
Can't remember, wasn't told multiple times	3

What if you need additional information?	Number of similar responses
IRS.gov/aca	17
Healthcare.gov	10
Call SHOP	3
I don't know	6

OMB #:1545-1349

Participant Number: _____

Scenario SB4

You own a small non-profit organization that provides meals for the elderly and you currently provide health insurance as part of your employee benefit plan. One of your employees told you that you may qualify for a health insurance tax credit because of the organization's tax-exempt status. After chatting with your employee about this information, you decided to contact the IRS for more information about this credit and how to qualify for it. Your task today is to try to resolve your issue using the following toll-free number: 1-800-829-1040.

Where must you purchase for your employees to qualify for the health insurance tax credit?	Number of similar responses
Small Business Option Program	21
IRS.gov/aca	3
Through the employment tax department	1
I don't know	4

What if you need additional information?	Number of similar responses
IRS.gov/aca	25
Healthcare.gov	4

