

# FACTS ABOUT THE ACA—INDIVIDUAL MANDATE

Beginning 2014, every U.S. citizen and resident alien must have health insurance (minimum essential coverage).

Failure to do so will result in a penalty (an additional tax) payable when filing 2014 tax return. Certain individuals may be exempt from this requirement.

If an employer does not provide health insurance coverage, individuals can obtain coverage through the Health Insurance Marketplace. Anyone claiming a child as a dependent is required/responsible to obtain healthcare coverage for the child.

## ***Minimum essential coverage includes the following:***

Coverage Type	Qualifies As Minimum Essential Coverage	Doesn't Qualify As Minimum Essential Coverage
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### **Employer-sponsored coverage:**

- Employee coverage (including self-insured plans)
- COBRA coverage
- Retiree coverage



### **Individual health coverage:**

- Health insurance you purchase from an insurance company directly
- Health insurance you purchase through the Health Insurance Marketplace
- Health insurance provided through a student health plan
- Health coverage provided through a student health plan that is self-funded by a university (only for a plan year beginning on or before December 31, 2014, unless recognized as minimum essential coverage by HHS)



### **Coverage under government-sponsored programs:**

- Medicare Part A coverage
- Medicare Advantage plans
- Most Medicaid coverage
- Children's Health Insurance Program (CHIP)



- Most types of TRICARE coverage under chapter 55, title 10 of the United States Code
- Comprehensive health care programs offered by the Department of Veterans Affairs
- State high-risk health insurance pools (only for a plan year beginning on or before December 31, 2014, unless recognized as minimum essential coverage by HHS)
- Health coverage provided to Peace Corps volunteers
- Department of Defense Non-appropriated Fund Health Benefits Program
- Refugee Medical Assistance

#### **Certain coverage that may provide limited benefits:**

- Coverage consisting solely of excepted benefits, such as:
  - Stand-alone dental and vision insurance
  - Accident or disability income insurance
  - Workers' compensation insurance
- Medicaid providing only family planning services\*
- Medicaid providing only tuberculosis-related services\*
- Medicaid providing only coverage limited to treatment of emergency medical conditions\*
- Pregnancy-related Medicaid coverage\*
- Medicaid coverage for the medically needy\*
- Section 1115 Medicaid demonstration projects\*
- Space available TRICARE coverage provided under chapter 55 of title 10 of the United States Code for individuals who are not eligible for TRICARE coverage for health services from private sector providers\*
- Line of duty TRICARE coverage provided under chapter 55 of title 10 of the United States Code\*
- [AmeriCorps](#) coverage for those serving in programs receiving AmeriCorps State and National grants
- AfterCorps coverage purchased by returning members of the PeaceCorps

\*In Notice [2014-10](#), the IRS announced relief from the individual shared responsibility payment for months in 2014 in which individuals are covered under one of these programs. Information will be made available later about how to claim an exemption for one of these programs on your income tax return.



## Exemptions

You may be eligible for an exemption from the requirement to obtain minimum essential coverage for you and your household. How you get the exemption depends on the type of exemption for which you are eligible. You may obtain some exemptions from the marketplace in the area where you live, others only from the IRS and yet others from either the marketplace or the IRS.

The chart below shows where/how your exemptions can be claimed:

Exemptions	May only be granted by Marketplace	May be granted by Marketplace or claimed on tax return	May only be claimed on tax return
<p><b>Coverage is considered unaffordable</b> - The amount you would have paid for employer-sponsored coverage or a bronze level health plan (depending on your circumstances) is more than eight percent of your actual household income for the year as computed on your tax return. Also see the second hardship listed below, which provides a prospective exemption granted by the Marketplace if the amount you would have paid for coverage is more than eight percent of your projected household income for the year.</p>			✓
<p><b>Short coverage gap</b> - You went without coverage for less than three consecutive months during the year..</p>			✓
<p><b>Household income below the return filing threshold</b> - Your household income is below the minimum threshold for filing a tax return.</p>			✓
<p><b>Certain noncitizens</b> - You are neither a <a href="#">U.S. citizen</a>, a <a href="#">U.S. national</a>, nor an alien lawfully present in the U.S.</p>			✓
<p><b>Members of a health care sharing ministry</b> - You are a member of a health care sharing ministry, which is an organization described in</p>		✓	

section 501(c)(3) whose members share a common set of ethical or religious beliefs and have shared medical expenses in accordance with those beliefs continuously since at least December 31, 1999.

**Members of Federally-recognized Indian Tribes** - You are a member of a [federally-recognized Indian tribe](#).



**Incarceration** - You are in a jail, prison, or similar penal institution or correctional facility after the disposition of charges.



**Members of certain religious sects** - You are a member of a religious sect in existence since December 31, 1950, that is recognized by the Social Security Administration (SSA) as conscientiously opposed to accepting any insurance benefits, including Medicare and Social Security.

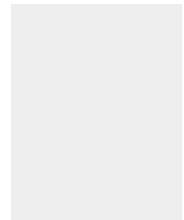


#### Hardships:

- Your gross income is below the filing threshold.
- Two or more family members' aggregate cost of self-only employer-sponsored coverage exceeds 8 percent of household income, as does the cost of any available employer-sponsored coverage for the entire family.
- You purchased insurance through the Marketplace during the initial enrollment period but have a coverage gap at the beginning of 2014.
- You are an American Indian, Alaska Native, or a spouse or descendant who is eligible for services through an Indian health care provider.



- You experienced circumstances that prevented you from obtaining coverage under a qualified health plan, including, but not limited to, homelessness, eviction, foreclosure, domestic violence, death of a close family member, and unpaid medical bills. ✓
- You do not have access to affordable coverage based on your projected household income. ✓
- You are ineligible for Medicaid solely because the State does not participate in the Medicaid expansion under the Affordable Care Act. ✓
- You have been notified that your health insurance policy will not be renewed and you consider the other plans available unaffordable. ✓



### ***Individual Shared Responsibility Payment (ISRP):***

If you or any of your dependents do not have MEC or an exemption, you will need to make an ISRP on your tax return.

For 2014, the annual shared responsibility pay amount is the greater of:

- ≈ 1% of your household income that is above your tax return filing threshold for your filing status (see table below) or
- ≈ Your family's flat dollar amount which is \$95 per adult and \$47.50 per child limited to a family maximum of \$285 for 2014.

The maximum amount you pay cannot be more than the cost of the national average premium for a bronze level health plan available through the marketplace for 2014.

You need to know your household income and filing status in order for you to calculate your payment.

- **Household income** is the adjusted gross income from your tax return plus any excludible foreign earned income and tax-exempt interest you receive during the taxable year. Household income also includes the incomes of all of your dependents who are required to file tax returns.

- **Tax return filing threshold** is the amount of gross income an individual of your age and with your filing status (e.g., single, married filing jointly, head of household) must make to be required to file a tax return.

## 2014 Federal Tax Filing Requirement Thresholds

Filing Status	Age	Must File a Return If Gross Income Exceeds
Single	Under 65	\$10,150
	65 or older	\$11,700
Head of Household	Under 65	\$13,050
	65 or older	\$14,600
Married Filing Jointly	Under 65 (both spouses)	\$20,300
	65 or older (one spouse)	\$21,500
	65 or older (both spouses)	\$22,700
Married Filing Separately	Any age	\$3,950
Qualifying Widow(er) with Dependent Children	Under 65	\$16,350
	65 or older	\$17,550

## Examples

The examples below are used only to represent the mechanics of calculating the payment and are not estimates of current or future health insurance premium costs.

### Example 1: Single individual with \$40,000 income

Jim, an unmarried individual with no dependents, does not have minimum essential coverage for any month during 2014 and does not qualify for an exemption. For 2014, Jim's household income is \$40,000 and his filing threshold is \$10,150.

- **To determine his payment using the income formula**, subtract \$10,150 (filing threshold) from \$40,000 (2014 household income). The result is \$29,850. One percent of \$29,850 equals \$298.50.
- Jim's **flat dollar amount** is \$95.

Jim's annual national average premium for bronze level coverage for 2014 is \$2,448. Because \$298.50 is greater than \$95 and is less than \$2,448, Jim's shared responsibility payment for 2014 is \$298.50, or \$24.87 for each month he is uninsured (1/12 of \$298.50 equals \$24.87).

Jim will make his shared responsibility payment for the months he was uninsured when he files his 2014 income tax return, which is due in April 2015.

### **Example 2: Married couple with 2 children, \$70,000 income**

Eduardo and Julia are married and have two children under 18. They do not have minimum essential coverage for any family member for any month during 2014 and no one in the family qualifies for an exemption. For 2014, their household income is \$70,000 and their filing threshold is \$20,300.

- **To determine their payment using the income formula**, subtract \$20,300 (filing threshold) from \$70,000 (2014 household income). The result is \$49,700. One percent of \$49,700 equals \$497.
- Eduardo and Julia's **flat dollar amount** is \$285, or \$95 per adult and \$47.50 per child. The total of \$285 is the flat dollar amount in 2014.

The family's annual national average premium for bronze level coverage for 2014 is \$9,792 (\$2,448 x 4). Because \$497 is greater than \$285 and is less than \$9,792, Eduardo and Julia's shared responsibility payment is \$497 for 2014, or \$41.41 per month for each month the family is uninsured (1/12 of \$497 equals \$41.41).

Eduardo and Julia will make their shared responsibility payment for the months they and their children were uninsured when they file their 2014 income tax return, which is due in April 2015.

### **TAX PENALTIES--2015 and beyond:**

- Beginning in 2015 the income percentage increases to 2% of household income and the flat dollar amount increases to \$325 per adult (\$162.50 per child under 18) with a maximum of \$975 per family.
- In 2016 the amount increases to 2.5% of household income and \$695 per adult (\$347.50 per child under 18) with a maximum of \$2085.
- After 2016, the amount increases based upon increases in health care costs adjusted for inflation.

### ***What is the Health Insurance Marketplace?***

The Health Insurance Marketplace is where you can find health insurance coverage options and enroll in the coverage that fits your budget and meets your needs. Visit your Marketplace to find information about:

- Health insurance options
- How to purchase coverage
- How to get financial assistance with the cost of insurance

The open enrollment period to purchase health insurance coverage for 2014 through the Health Insurance Marketplace ran from October 1, 2013, through March 31, 2014.

Currently, insurance for 2014 can only be purchased through the Marketplace if a qualifying life event has occurred, such as a change in family size, income or job situation.

### ***Am I eligible for the premium tax credit?***

#### **Eligibility**

You may be eligible for the credit if you meet all of the following:

- buy health insurance through the Marketplace;
- are ineligible for coverage through an employer or government plan;
- are within certain income limits;
- do not file a Married Filing Separately return\*; and
- cannot be claimed as a dependent by another person.

\*MFS permitted for domestic abuse victims.

#### **It's your choice**

If you are eligible for the credit, you can choose to:

- **Get It Now:** have some or all of the estimated credit paid in advance directly to your insurance company to lower what you pay out-of-pocket for your monthly premiums during 2014; or
- **Get It Later:** wait to get the credit when you file your 2014 tax return in 2015.

#### **Report changes in circumstances**

If you receive advance payment of the premium tax credit to help pay for your insurance premiums, you should report changes such as income or family size to your marketplace when they happen in 2014. Reporting changes will make sure you get the correct amount of the advance payment of the credit. Receiving too much or too little in advance can affect your refund or balance due when you file your 2014 tax return in 2015.

#### **Changes you should report to the Marketplace include:**

- Birth or adoption
- Marriage or divorce
- Moving to another address
- Changes in household income
- Incarceration or release from incarceration
- Gaining or losing health care coverage or eligibility
- Other changes affecting income and household size

These changes may also open the door for the Marketplace special enrollment period that permits health care plan changes. In most cases, the special enrollment period for Marketplace coverage is open for 60 days from the date of the life event.



**Claim the credit**

Whether you choose to get the credit now or later, you must claim it by filing a federal income tax return.

When you file your 2014 tax return in 2015, you will subtract the total of any advance payments you received during the year from the amount of the premium tax credit calculated on your tax return. This may affect your tax refund or balance due. If you are entitled to more credit than you have already received, this will either increase your refund or lower your balance due.