



# Affordable Care: Penalties and Exemptions

## What is the penalty?

- ⦿ The penalty is sometimes called an “individual mandate” or “individual responsibility.”
- ⦿ Beginning January 2014, you are responsible for having health insurance coverage unless you cannot afford a plan or your income places you under the Federal Poverty Level (FPL).
- ⦿ If you do not have minimum essential health coverage you will be required to pay a penalty when filing your taxes. To avoid a penalty, you may apply for an exemption by calling the marketplace at 1-800-318-2596. See eligibility requirements for exemptions below.
- ⦿ Income-based exemptions may be filed at the same time as taxes.

## How much would the penalty cost?

- ⦿ The penalty for 2014 is calculated in one of two ways:
  - ❖ \$95 per person for the year (\$47.50 per child under 18).  
The maximum penalty per family using this method is \$285.

**OR**

  - ❖ \$1% of your yearly household income.  
(Only the amount of income above the tax filing threshold, about \$10,000 for an individual, is used to calculate the penalty.)
  - ❖ The maximum penalty is the national average premium for a bronze plan.
    - The national averages for 2014 were: \$204 per individual (\$2,448 annually); and \$1,020 for a family with five or more members (\$12,240 annually).
- ⦿ The fee increases each year:
  - 2015:
    - ❖ 2% of income or \$325 per adult person. (\$162.50 per child)
  - 2016 (and later years):
    - ❖ 2.5% of income or \$695 per person. (\$347.50 per child)

## Do I have to pay a penalty?

**You may qualify for exemption from the penalty if any of the following are true:**

- ⦿ You do not have to file a tax return because your income is too low
- ⦿ You experience a hardship (e.g. natural disaster, divorce, death of family member, etc.)
- ⦿ You are uninsured for less than 3 months of the year
- ⦿ The lowest-priced coverage available to you would cost more than 8% of your household income
- ⦿ You fall in the gap (i.e. income is below the FPL but higher than Medicaid standards)
- ⦿ You are a member of a federally recognized tribe
- ⦿ You are a member of a recognized health care sharing ministry
- ⦿ You are a member of a recognized religious sect with religious objections to insurance
- ⦿ You are incarcerated
- ⦿ You are not lawfully present in the U.S.

## What counts as minimum essential coverage?

If you are covered by any of the following types of plans, you are considered covered under the healthcare law and do not have to pay a penalty.

- Any Marketplace plan or any individual insurance plan you already have
- Any employer plan (including COBRA plans, with or without “grandfathered” status)
- Retiree health plans
- Medicare
- Medicaid
- The Children's Health Insurance Program (CHIP) (*Parents must still have coverage.*)
- TRICARE (for current service members and military retirees, their families, and survivors)
- Veterans healthcare programs (including the Veterans Health Care Program, VA Civilian Health and Medical Program (CHAMPVA), and Spina Bifida Health Care Benefits Program)
- Peace Corps Volunteer plans
- Self-funded health coverage offered to students by universities for plan or policy years that begin on or before Dec. 31, 2014
- Other plans may qualify. Ask your health coverage provider.

If you and your dependents had qualifying health coverage for all months of 2014 from a source other than the Health Insurance Marketplace, you'll just need to check a box on your federal income tax form. You won't get a Form 1095-A. You don't need to fill out any new forms.

## What happens if I don't pay the fee?

The IRS will hold back the amount of the fee from any future tax refunds. There are no liens, levies, or criminal penalties for failing to pay the fee.

## What if I didn't have health insurance for just part of the year?

If you're uninsured for just part of the year, 1/12 of the yearly penalty applies to each month you're uninsured. If you're uninsured for less than 3 months of the year, you don't have to make a payment.

## What if I didn't apply through healthcare.gov to get my exemption letter? Can I still apply for an exemption?

You can complete [Form 8965](#) or [Form 8962](#) when you file your 2014 federal tax return to get an exemption from the penalty if healthcare was unaffordable for you. You may be asked for information about Marketplace health plans that were available to you for 2014. Specifically, you need to know the cost of premiums for the [second lowest cost Silver plan \(SLCSP\)](#) or the [lowest cost Bronze plan](#) that were available to you.

## Where can I go to get free and reliable tax preparation from preparers who know about the Affordable Care Act requirements?

IRS VITA sites will complete and file tax returns for families with incomes below \$53,000. AARP sites are also free for anyone, there is no maximum income or minimum age, and you do not have to be an AARP member. Both IRS VITA and AARP preparers are knowledgeable about the new requirements for tax filing under the Affordable Care Act. Go to <http://www.georgiawatch.org/taxmap/> for a map of all VITA & AARP sites in Georgia.

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