WHAT THE LAW REQUIRES

Under the Affordable Care Act, individuals and families must maintain qualifying health coverage that provides minimum essential coverage. If any family member doesn’t maintain this level of coverage throughout the year or qualify for an exemption, a penalty payment will be assessed at tax time.

For 2014 federal income tax returns, the penalty fee is the greater of $95 per adult and $47.50 per child (up to a family maximum of $285) or 1 percent of household income. Penalties will increase in 2015 and 2016.

Many Americans have qualifying health coverage, such as coverage through an employer-sponsored health plan or government sponsored coverage like Medicare, Medicaid, TRICARE or the VA. Or, they purchase individual policies through the Health Insurance Marketplace or insurance companies.

Who does it impact?

Individual shared responsibility applies to people who do not have coverage in a qualifying health plan unless they are exempt from this requirement of the law. There are several circumstances that may qualify a person for an exemption, including but not limited to:

- They do not have access to affordable coverage.
- They have a gap of less than three consecutive months without coverage.
- They qualify for one of several other exemptions, including a hardship exemption.

When does it take effect?

Individual shared responsibility took effect January 1, 2014. Payment of the penalty will be assessed when the individual files his or her federal tax return for the prior year.

For more information

IRS YouTube Video: https://www.youtube.com/playlist?list=PLEBA0F302231188F4


IMPORTANT NOTICE

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