

# Individual Mandate (Individual Shared Responsibility)

Effective January 1, 2014, the “individual mandate” provision under Health Care Reform (also known as individual shared responsibility) requires every individual to have minimum essential health coverage for each month, qualify for an exemption, or make a payment when filing his or her federal income tax return.

## Basic Information

### Who is subject to the individual shared responsibility provision?

The provision applies to individuals of all ages, including children. The adult or married couple who can claim a child or another individual as a dependent for federal income tax purposes is responsible for making the payment if the dependent does not have coverage or an exemption.

### When did the individual shared responsibility provision go into effect?

The provision became effective on January 1, 2014, and applies to each month in the calendar year.

## Minimum Essential Coverage

### What counts as minimum essential coverage?

Minimum essential coverage includes employer-sponsored coverage (including self-insured plans, COBRA coverage and retiree coverage), coverage purchased in the individual market, Medicare Part A coverage and Medicare Advantage, Children’s Health Insurance Program (CHIP) coverage, and certain other types of coverage.

Minimum essential coverage does not include coverage providing only limited benefits, such as coverage consisting solely of excepted benefits (e.g., stand-alone vision care or dental care, workers’ compensation, or accident or disability policies).

### If an employer plan is “grandfathered,” does the plan provide minimum essential coverage?

Yes. Grandfathered group health plans provide minimum essential coverage.

### If an individual receives coverage from his or her spouse’s employer, will the individual have minimum essential coverage?

Yes. Employer-sponsored coverage is generally minimum essential coverage. If an employee enrolls in employer-sponsored coverage that provides minimum value for himself or herself and his or her family, the employee and all of the covered family members have minimum essential coverage.

### Do the individual’s spouse and dependent children have to be covered under the same policy or plan that covers the individual?

No. The individual, his or her spouse and dependent children do not have to be covered under the same policy or plan. However, the individual, his or her spouse and each dependent child for whom the individual may claim a personal exemption on his or her federal income tax return must have minimum essential coverage or qualify for an exemption, or such individual will owe a shared responsibility payment when filing a return.

### Does an individual have to be covered for an entire calendar month to avoid the shared responsibility payment liability for not having minimum essential coverage for that month?

No. An individual will be treated as having minimum essential coverage for a month as long as such individual has coverage for at least one day during that month.

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## Exemptions

What are the statutory exemptions from the requirement to obtain minimum essential coverage?

Exemptions include (but are not limited to) the following:

- » Affordability. The individual cannot afford coverage because the minimum amount he or she must pay for the premiums is more than 8% of the individual’s household income.
- » Short Coverage Gap. The individual went without coverage for less than three consecutive months during the year.
- » Income Below the Income Tax Return Filing Requirement. The individual’s income is below the minimum threshold for filing a tax return. The requirement to file a federal tax return depends on the individual’s filing status, age and types and amounts of income. For help in determining whether an individual is required to file a federal tax return, you may review the IRS Interactive Tax Assistant.
- » Hardship. The individual has suffered a hardship that makes him or her unable to obtain coverage, as defined in the final agency regulations
- » Not Lawfully Present. The individual is not a U.S. citizen, a U.S. national or an alien lawfully present in the U.S.

## Calculating the Payment

### 2015 Fees:

If an individual does not have coverage in 2015, he or she will pay the higher of the following two amounts:

- » **2% of the individual’s yearly household income above his or her applicable filing threshold** (the amount of gross income that triggers the requirement to file a federal income tax return). The maximum penalty is the national

average yearly premium for a bronze plan.

- » **\$325 per person for the year (\$162.50 per child under 18)**. The maximum penalty per family using this method is \$975.

### 2014 Fees:

If an individual did not have coverage in 2014, he or she will pay the higher of the following two amounts when filing the 2014 federal tax return:

- » **1% of the individual’s yearly household income above his or her applicable filing threshold** (the amount of gross income that triggers the requirement to file a federal income tax return). The maximum penalty is the national average yearly premium for a bronze plan.
- » **\$95 per person for the year (\$47.50 per child under 18)**. The maximum penalty per family using this method is \$285.

### Fees After 2015:

The fee increases every year. In 2016 and later years, the fee is 2.5% of income or \$695 per person. After that it is adjusted for inflation.

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## 2015 Special Enrollment Period

The Centers for Medicare & Medicaid Services (CMS) has announced a special enrollment period (SEP) for individuals and families who did not have health coverage in 2014 and are therefore subject to an individual mandate penalty when they file their 2014 taxes in states which use the Federally-facilitated Health Insurance Marketplaces (FFM). This special enrollment period will allow those individuals and families who were unaware or didn't understand the implications of this new requirement to enroll in 2015 health insurance coverage through the FFM.

CMS will provide eligible individuals with an opportunity to purchase health insurance coverage from **March 15, 2015 through 11:59 pm E.S.T. on April 30, 2015**. Those eligible for this special enrollment period live in states with a Federally-facilitated Marketplace and:

- » Currently are not enrolled in coverage through the FFM for 2015;
- » Attest that when they filed their 2014 tax return they paid the fee for not having health coverage in 2014; and
- » Attest that they first became aware of, or understood the implications of, the penalty after the end of open enrollment (February 15, 2015) in connection with preparing their 2014 taxes.

**Individuals taking advantage of this special enrollment period will still owe a fee for the months they were uninsured and did not receive an exemption in 2014 and 2015.** This special enrollment period is designed to allow such individuals the opportunity to get covered for the remainder of the year and avoid additional fees for 2015. If individuals do not purchase coverage for 2015 during this special enrollment period, they may have to pay a fee when they file their 2015 income taxes.

Individuals seeking to take advantage of the special enrollment period can find out if they are eligible by [clicking here](#).