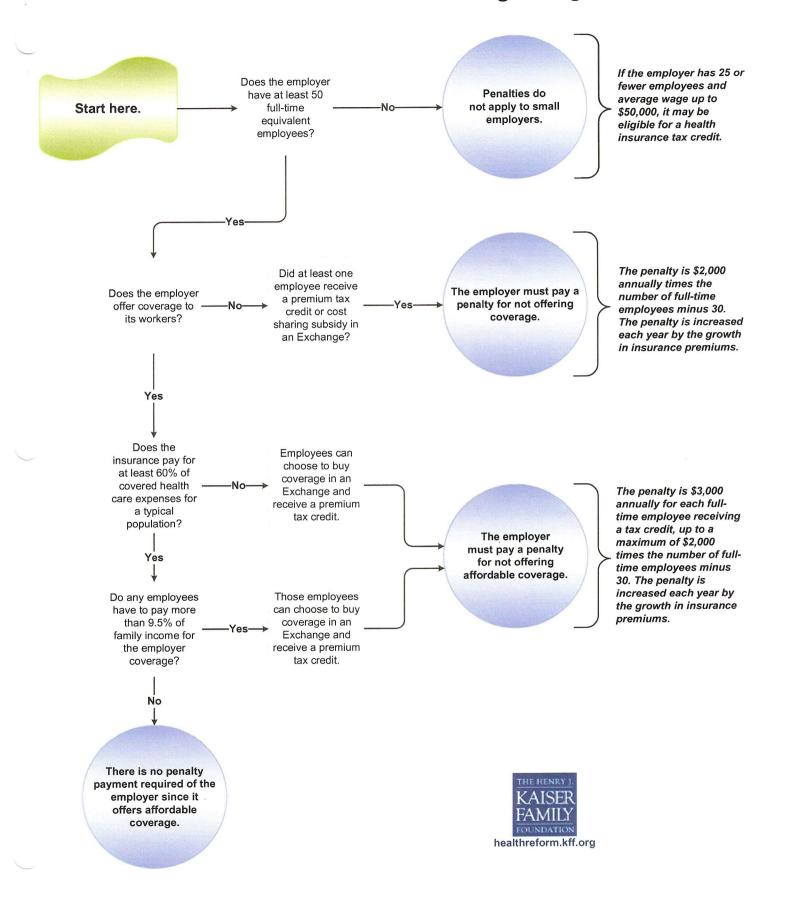
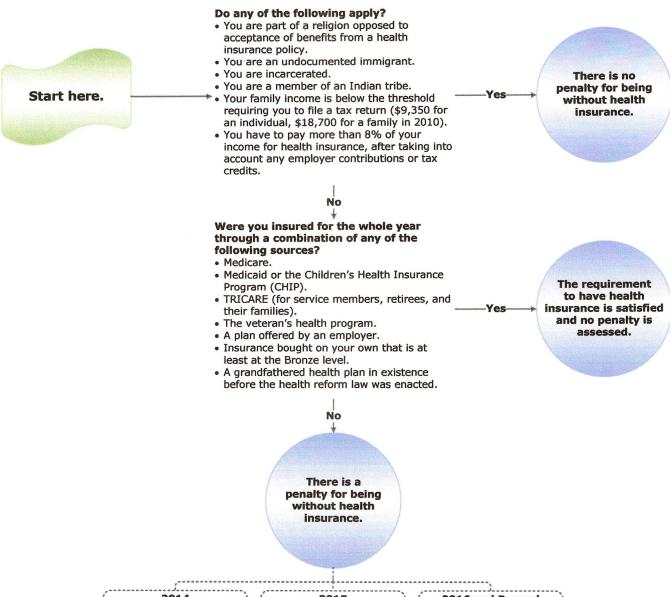
## Penalties for Employers Not Offering Affordable Coverage Under the Affordable Care Act Beginning in 2014



# The Requirement to Buy Coverage Under the Affordable Care Act Beginning in 2014



#### 2014

Penalty is \$95 per adult and \$47.50 per child (up to \$285 for a family) or 1.0% of family income, whichever is greater.

#### 2015

Penalty is \$325 per adult and \$162.50 per child (up to \$975 for a family) or 2.0% of family income, whichever is greater.

#### 2016 and Beyond

Penalty is \$695 per adult and \$347.50 per child (up to \$2,085 for a family) or 2.5% of family income, whichever is greater.

The penalty is pro-rated by the number of months without coverage, though there is no penalty for a single gap in coverage of less than 3 months in a year. The penalty cannot be greater than the national average premium for Bronze level coverage in an Exchange. After 2016, penalty amounts are increased annually by the cost of living.



### **Key Facts:**

- Premiums for health insurance bought through Exchanges would vary by age. The Congressional Budget
  Office estimates that the national average annual premium in an Exchange in 2016 would be \$4,500-5,000
  for an individual and \$12,000-12,500 for a family for Bronze coverage (the lowest of the four tiers of
  coverage that will be available).
- In 2010 employees paid \$899 on average towards the cost of individual coverage in an employer plan and \$3,997 for a family of four.
- A Kaiser Family Foundation subsidy calculator illustrating premiums and tax credits for people in different circumstances is available at http://healthreform.kff.org/subsidycalculator.aspx.

#### HEALTH COVERAGE UNDER THE AFFORDABLE CARE ACT (ACA) **How to Get Coverage Beginning in 2014** Has state opted Is family income less eligible for coverage Is employer for the ACA than or equal to START coverage 133% of the Federal Medicaid available? Poverty Level (FPL)? expansion? Medicaid. Does the employer plan to cover at least 60% of health Family is eligible for expenses on average? Is family Has state income less opted for the ACA than or equal to 133% of Medicaid Medicaid. the FPL? expansion? Does the employee pay **Employee can** more than 9.5% of income choose for the premium in the employer plan? the employer Family is Is family guaranteed access to insurance income between the through an through an FPL and exchange 4× the FPL? and is eligible for Is family income between market. the FPL and 4x the FPL? a tax credit. Family is Employee can choose guaranteed access to unsubsidized coverage in the employer plan or buy insurance through an insurance through exchange and be eligible for a tax credit. nongroup market. **KEY FACTS** • The FPL in 2012 is \$11170 for a single individual and \$23050 for a family of 4. • In 2012 employees paid \$951 on average towards the cost of single coverage in an employer plan and \$4316 for a family of 4. NOTES • Some states may have higher income eligibility levels for Medicaid. · Undocumented immigrants are ineligible for Medicaid and may not In general, individuals who are currently eligible for Medicaid in their state of residence (who are mostly parents and children today) will continue to be eligible for Medicaid after ACA implementation. Those below 133% of the FPL who will be newly eligible for Medicaid after implementation are mostly adults without dependent children. purchase coverage in an exchange or receive a tax credit. · In general, people are required to obtain coverage or pay a penalty, but those whose health insurance premiums exceed 8% of family income (after tax credits or employer contributions are taken into account) will not be penalized if they choose not to purchase coverage. • For a discussion of the tax credit that may be available for insurance purchased through an exchange, please see Levitt L. "The Middle Class Tax Final regulations specifying how dependents of workers with employer coverage available are treated have not yet been issued. Draft rules indicate

Source: Kaiser Family Foundation (http://www.kff.org) analysis. \*Produced by: Larry Levitt, MPP, Anne Jankiewicz, and David Rousseau, MPH.

 In some cases, children may be eligible for public coverage through Medicaid or the Children's Health Insurance Program (CHIP) while their parents are covered through an employer or an exchange.

http://tinyurl.com/chogalp. August 2, 2012.

Break Hardly Anyone Is Talking About." The JAMA Forum.

that the affordability of employer coverage (ie, whether it costs more than

9.5% of income) will be based on the required premium for a single worker

 Small businesses may choose to buy insurance through newly created Small Business Health Options Program (SHOP) exchanges or directly from insurers.

rather than family coverage.