

The Individual Mandate and Financial Help

Changes effective January 2014 under the Affordable Care Act



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Increasing the number of Americans who have health insurance is a primary objective of the Affordable Care Act. That's why the reform law has coverage requirements for individuals. Making health insurance affordable is also a priority, so there is financial help available for eligible consumers who buy through a health insurance marketplace.



People who are required to have health insurance but choose not to buy it will have to pay a penalty when filing their taxes. Consumers can learn more about the penalties at www.healthcare.gov.

Individual mandate – effective 2014

Most U.S. citizens and legal residents have to be enrolled in a health insurance plan that meets minimum essential coverage as of January 1, 2014. People currently insured through an employer or a plan they bought on their own likely meet the requirement already. So do those enrolled in a Medicare plan, TRICARE, Medicaid, and a few other programs.

People who are exempt from the requirement are those who:

- would have to pay more than eight percent of their income for health insurance
- have incomes below the threshold required for filing taxes
- qualify for religious exemptions

Also exempt are:

- undocumented immigrants
- people who are incarcerated
- members of Native American tribes

Penalties for not having health coverage

Year	Pay the greater of...	
	Percentage of family income	Set dollar amount
2014	1%	\$95 per adult and \$47.50 per child (up to \$285 for a family)
2015	2%	\$325 per adult and \$162.50 per child (up to \$975 for a family)
2016 and beyond	2.5%	\$695 per adult and \$347.50 per child (up to \$2,085 for a family)

There is transition relief to the mandate in 2014 for some employees and their dependents. For example, Jason's employer offers health coverage on a plan year that began on August 1, 2013, and ends on July 31, 2014. Jason did not enroll. Because the plan year did not start on January 1, 2014, he is eligible for transition relief for January 2014 through July 2014.

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Financial help for eligible consumers

There are two types of financial help available to reduce the cost of health insurance:



There is financial help available for eligible consumers who buy through a health insurance marketplace.

- **Premium Assistance:** New premium tax credits will help lower the cost of monthly premiums for qualified individuals. Eligible consumers can choose to:
 1. Take the entire amount of premium assistance right away to lower their monthly premium bills.
 2. Wait until the end of the year and apply the amount as a credit when filing taxes.
 3. Apply some right away, and the balance at tax time.
- **Cost-sharing reductions:** In addition to premium tax credits, certain consumers may also be eligible for reductions in their out-of-pocket costs. For example, a copayment for a doctor office visit might be \$3 instead of \$45. To receive cost-sharing reductions, eligible consumers have to enroll in a silver-level plan. In California, silver plans with cost-sharing reductions are called Enhanced Silver because the percentage of expenses paid by the health plan is higher than a regular silver plan.

Both types of financial help are available only to eligible consumers who buy health insurance through a state marketplace or the federal health insurance marketplace.

Employer shared responsibility

Businesses that have 50 or more full-time equivalent employees will be required to provide health insurance coverage or be subject to an assessable payment (tax penalty).

This requirement was slated to take effect in 2014. However, under transitional relief, it will begin effective 2015. This delay does not affect the individual mandate.

We will continue to keep you updated as changes are made and final regulations are issued.

People offered coverage by an employer are not eligible for premium assistance unless the employer's plan does not meet minimum value of at least 60 percent, or the person's share of the premium is more than 9.5 percent of their household income.

Health Net is here to help you and your clients work through health care reform changes. A good resource to learn more about the individual mandate and financial help is www.healthcare.gov.

In this time of change, you've got one sure thing. You've got Health Net.