



Find the plan that's right for you.

# Vermont Health Connect

Individual Mandate  
Federal Penalties and Exemptions  
September 2013

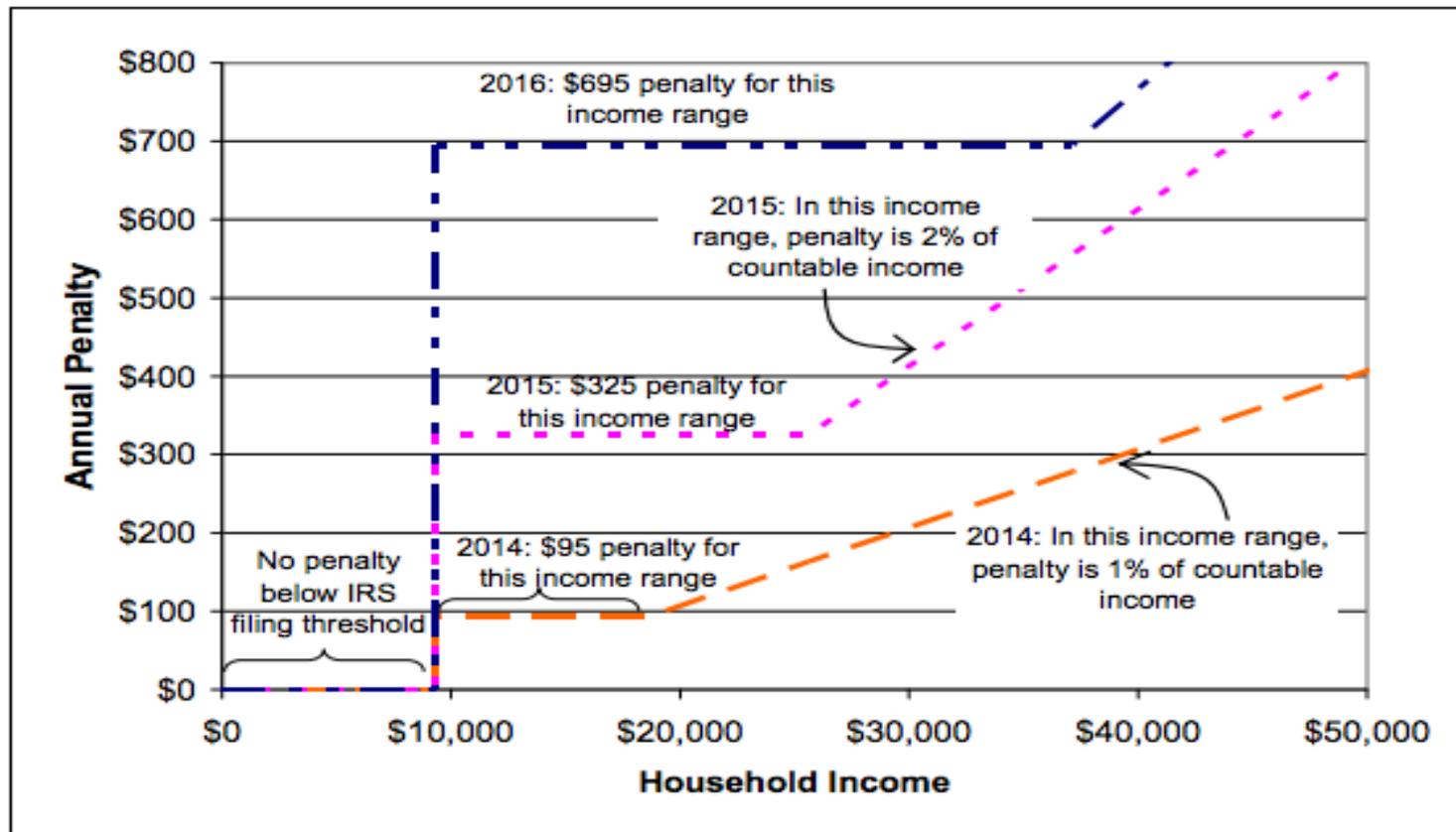
# INDIVIDUAL MANDATE

Federal penalty amount– will never exceed national average premium for bronze coverage

- 2014– the greater of
  - \$95 per adult and \$47.50 per child under age 18 (up to \$285 per family)
  - 1% of health household MAGI in excess of filing threshold
- 2015– the greater of
  - \$325 per adult and \$162.50 per child under age 18 (up to \$975 per family)
  - 2% of health household MAGI in excess of filing threshold
- 2016– the greater of
  - \$695 per adult and \$347.50 per child under age 18 (up to \$2,085 per family)
  - 2.5% of health household MAGI in excess of filing threshold

# INDIVIDUAL MANDATE

**Figure A-1. Illustrative Individual Mandate Penalties for a Single Individual with No Dependents, 2014-2016, with Household Income up to \$50,000**

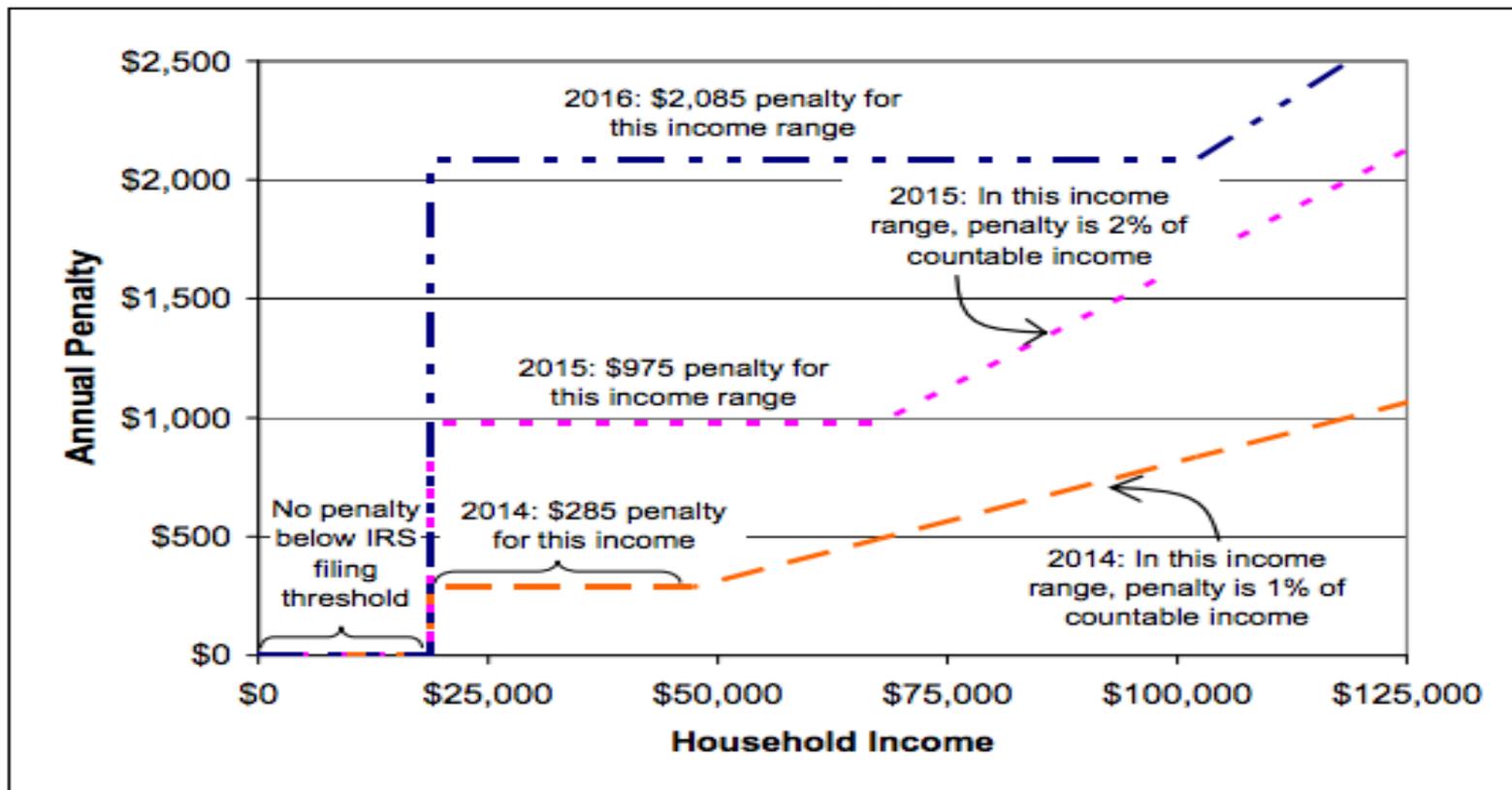


Source: CRS.

**Notes:** For this figure, the 2010 filing threshold was used, which is \$9,350 for a single individual under age 65 with no dependents (single filing status), but will likely be higher when implemented (thus exempting people with slightly higher income) than shown here.

# INDIVIDUAL MANDATE

**Figure A-3. Illustrative Individual Mandate Penalties for a Family of Four, 2014-2016, with Household Income up to \$125,000**



Source: CRS.

**Notes:** For this figure, the 2010 filing threshold was used, which was \$18,700 for a married couple under age 65 filing jointly, but will likely be higher when implemented (thus exempting people with slightly higher income) than shown here. This example assumes that the family includes two dependent children under the age of 18.

# INDIVIDUAL MANDATE

## If you are insured through

- Employer-sponsored coverage (including COBRA coverage and retiree coverage)
- Coverage purchased through Vermont Health Connect
- Medicare Part A coverage and Medicare Advantage plans
- Most Medicaid coverage
- Children's Health Insurance Program (CHIP) coverage
- Certain types of veterans health coverage administered by the Veterans Administration
- TRICARE– look for further guidance
- Coverage provided to Peace Corps volunteers
- Coverage under the Nonappropriated Fund Health Benefit Program
- Refugee Medical Assistance
- Self-funded health coverage offered to students by universities for plan or policy years that begin on or before Dec. 31, 2014
- State high risk pools for plan or policy years that begin on or before Dec. 31, 2014

...then there is no penalty

# INDIVIDUAL MANDATE

- If you don't have insurance due to:
  - Religious reasons
  - Health care sharing ministry membership
  - Undocumented worker
  - Incarcerated
  - Member of an Indian Tribe
  - Family income below filing threshold
  - Your total premium for the lowest cost plan offered is more than 8% of your health household income
  - Gap in coverage for less than three months
  - Hardship

...then there is no penalty

# INDIVIDUAL MANDATE

| <b>Exemption</b>                        | <b>Eligibility Certification</b> | <b>Recertification</b> |
|---|----------------------------------|------------------------|
| Religious                               | VHC                              | Continuous             |
| Hardship                                | VHC or tax filing                | Annual                 |
| Health care sharing ministry membership | VHC or tax filing                | Annual                 |
| Indian tribe membership                 | VHC or tax filing                | Continuous             |
| Incarceration                           | VHC or tax filing                | Annual                 |
| Affordability                           | Tax filing only                  | Annual                 |
| Unlawful resident                       | Tax filing only                  | Annual                 |
| Coverage gap                            | Tax filing only                  | Annual                 |
| Filing threshold                        | Tax filing only                  | Annual                 |

# INDIVIDUAL MANDATE

How to claim an exemption through tax filing:

“The manner for claiming an exemption on a return is more appropriately addressed through IRS forms, instructions, or other publications. Therefore, the final regulations do not provide information on how to claim an exemption on a Federal income tax return.”

<http://www.gpo.gov/fdsys/pkg/FR-2013-08-30/pdf/2013-21157.pdf>

# INDIVIDUAL MANDATE

- Tax filers will not have to show coverage or exemptions until filing a 2014 tax return in 2015
- Information will be made available later about how the income tax return will take account of coverage and exemptions.
  - Insurers will be required to provide everyone that they cover each year with information that will help them demonstrate they had coverage beginning with the 2015 tax year.
- The law prohibits the IRS from using liens or levies to collect the individual mandate penalty. However, if the taxpayer (or spouse or dependent) owes a shared responsibility payment, the IRS may offset that liability against any tax refund you may be due.