

Individual Mandate FAQs on Fines, Coverage and Exemptions

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As of 2014, the Affordable Care Act (ACA) includes a mandate for most individuals to have health insurance, or else pay a fine at tax time. Here are some frequently asked questions (FAQs) about the individual mandate fines, coverage, and exemptions.

Q: I'm uninsured. Am I required to get coverage in 2014?

A: Starting in 2014, everyone is required to have health insurance coverage – or more precisely, “[minimum essential coverage](#)” – or else pay a tax penalty, unless they qualify for an exemption.



This requirement is called the [individual shared responsibility requirement](#), or the [individual mandate](#).

Q: How do I prove that I had coverage and satisfied the mandate?

A: When you file your 2014 tax return (most people will do this by April 15, 2015) you will have to enter information about your coverage (or your exemption) on the return. You should get a notice from your insurance provider by January 31, 2015 to use with your taxes, describing your coverage status during the previous year.

Q: What is the fine if I don't have coverage?

A: The fine for not having minimum essential coverage is either a flat fee, or a percentage of household income, whichever is greater. The fine is being phased in from 2014 to 2016.

- In 2014, the fine is the greater of \$95 for each adult and \$47.50 for each child, up to \$285 per family, or 1% of family income minus the federal tax filing threshold, which is \$10,000 for a person who files singly, \$20,000 for somebody who files jointly.
- In 2015, the fine is the greater of \$325 for each adult and \$162.50 for each child, up to \$975 per family, or 2% of family income above the federal tax filing threshold.

- In 2016, the fine is the greater of \$695 for each adult and \$347.50 for each child, up to \$2,085 per family, or 2.5% of family income above the federal tax filing threshold.

The fine is also capped at an amount equal to the national average premium for the lowest cost bronze health plan available through the Marketplace. After 2016, the fine will be indexed based on the cost of living.

Also, the fine is assessed based on “coverage months.” This means that each month you are uninsured, you may owe 1/12th of the annual fine. However, short spells of being uninsured may not be subject to a fine.

Q: If I owe a fine, when and how do I have to pay it?

A: If you do not maintain minimum essential coverage in 2014 and you don’t qualify for an exemption you will need to pay a fine to the IRS on your 2014 tax return. If you are like most people, you will need to submit your return by April 15, 2015.

Q: Are there exemptions to the fine?

A: Yes. You may be eligible for an exemption to the fine if you:

- Cannot afford coverage (defined as those who would pay more than 8% of their household income for the lowest cost bronze plan available to them through the Marketplace)
- Are not a U.S. citizen, a U.S. national, or a resident alien lawfully present in the U.S.
- Had a gap in coverage for less than 3 consecutive months during the year
- Won’t file a tax return because your income is below the tax filing threshold (In 2013, the tax filing threshold is \$10,000 for individuals and \$20,000 for a couple)
- Are unable to qualify for Medicaid because your state has chosen not to expand the program
- Participate in a health care sharing ministry or are a member of a recognized religious sect with objections to health insurance
- Are a member of a federally recognized Indian tribe
- Are incarcerated

Others who do not qualify through these categories but have experienced a hardship that makes it difficult to purchase insurance may apply through the health insurance marketplace for an exemption to the individual responsibility requirement.

Q: What qualifies me to apply for a hardship exemption?

A: You may apply for a hardship exemption if you have experienced difficult financial or domestic circumstances that prevent them from obtaining coverage – such as homelessness, death of a close family member, bankruptcy, substantial recent medical debt, or disasters that substantially damage a person's property. You may also apply for a hardship exemption if obtaining coverage would be so burdensome as to cause the applicant to experience other serious deprivation of food, shelter, or other necessities.

Check with your state's Marketplace for more information about hardship exemptions (see this [Directory of Health Insurance Marketplaces by State](#)).

Q: I was uninsured in February, then again in September. Since the total gap was less than 3 months, am I exempt from the penalty?

A: The rule for short coverage gaps is that only the first short coverage gap in a year will be recognized. You wouldn't be penalized for lacking coverage in February, but you may owe a penalty for your second gap in coverage in September if you don't otherwise qualify for an exemption during that period.

Q: I lost coverage April 15 and didn't get new coverage until May 1. Am I considered uninsured for the month of April because I lacked coverage for part of the month?

A: No, if you are covered even one day during a month, you are considered to be insured for that month. Similarly, a person who is considered exempt from the individual mandate for even one day during a month is considered exempt for that month.

Q: If I live overseas, do I still have to buy coverage in the U.S.?

A: If you are a resident of a foreign country for the full calendar year, you will not have to pay a tax penalty, even if you don't have minimum essential coverage.

Q: How do I apply for an exemption?

A: For some types of exemptions, you must apply through the health insurance Marketplace. For other types, you must apply when you file your taxes. Some types of exemptions can be claimed either way.

- The religious conscience exemption and most hardship exemptions are available only by going to your Health Insurance Marketplace and applying for an exemption certificate.
- The exemptions for members of Indian tribes, members of health care sharing ministries, and individuals who are incarcerated are available either by going to a Marketplace and applying for an exemption certificate or by claiming the exemption as part of filing a federal income tax return.
- The exemptions for unaffordable coverage, short coverage gaps, certain hardships and individuals who are not lawfully present in the United States can be claimed only as part of filing a federal income tax return. The exemption for those under the federal income tax return filing threshold is available automatically. No special action is needed.