Health care reform coverage requirements and penalties

Health care reform requires almost all Americans to have qualifying health coverage (QHC) that offers minimal essential coverage (MEC), or pay a penalty. Wondering what this means for you? Take a look at these straightforward answers to frequently asked questions about the requirements and penalties:

What types of coverage qualify as minimum essential coverage?

Health plans that qualify include: individual major medical coverage, most job-based major medical coverage, Medicare, Medicaid, Children’s Health Insurance Program (CHIP), TRICARE and certain other coverage.

What if I don’t purchase coverage?

Should you decide not to purchase minimum essential coverage, you may be responsible for a tax penalty known as a shared-responsibility payment. The tax penalty will either be a set dollar amount or the percentage of household income, whichever is greater. The fine is capped at the cost of the national average of a bronze-level health insurance plan. See the chart below for details.

<table>
<thead>
<tr>
<th>Year</th>
<th>Annual fine dollar amount per adult</th>
<th>Annual fine dollar amount per child under 18 years of age</th>
<th>Percent of household income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$95</td>
<td>$47.50</td>
<td>1.0%</td>
</tr>
<tr>
<td>2015</td>
<td>$325</td>
<td>$162.50</td>
<td>2.0%</td>
</tr>
<tr>
<td>2016</td>
<td>$695</td>
<td>$347.50</td>
<td>2.5%</td>
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</tbody>
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The penalty is calculated on a monthly basis, so the fine will be 1/12 of the annual fine for each month an individual or family is uninsured.
Are there any exceptions to this penalty?

If the lowest available eligible plan costs more than 8 percent of your income, you may not be penalized for not purchasing health insurance. Other exemptions to the penalty include American Indian ethnicity, undocumented immigrant status, religious objection, financial hardship, and being without coverage for less than three months or being incarcerated.

If I can’t afford coverage under my employer’s plan, am I eligible for premium tax credits?

In certain instances, you may be able to receive premium tax credits to help offset the costs of health insurance coverage through the federal or state health insurance marketplace where you live. You may be able to take advantage of government support if you meet the following requirements:

<table>
<thead>
<tr>
<th>Requirement 1</th>
<th>Your household income is between 100 percent and 400 percent of the federal poverty level. To determine if your income falls between 100 percent and 400 percent of the FPL, visit: <a href="http://healthcare.gov/glossary/federal-poverty-level-FPL/">healthcare.gov/glossary/federal-poverty-level-FPL/</a>.</th>
</tr>
</thead>
</table>
| Requirement 2 | **One of these must be true for you.**  
• Your employer doesn’t offer health insurance at all.  
**OR**  
• Your employer offers health insurance, but it doesn’t meet affordable and minimum value standards. Employer coverage is considered affordable if the total employee contribution for individual coverage does not exceed 9.5 percent of your household income. Minimum value is 60 percent actuarial value, which means that the health plan pays on average 60 percent of the cost of the covered benefits. |
| Requirement 3 | • You are not eligible for a government health coverage plan such as Medicaid.  
• You aren’t claimed as a dependent by anyone else. |
What you need to do:

1. **Maintain compliant coverage.** Whether keeping your current plan or purchasing a new one, be sure to get your questions fully answered during benefits enrollment, and choose the plan that fits your coverage needs and your budget.

2. **If you’re employed, request a notice of coverage options from your employer.** Most employers are now required to communicate to employees about health care coverage options, including those offered by the company and those available through your government marketplace. Most employers either provided this notice before Oct. 1, 2013 or within 14 days of hire, but if you didn’t receive one yet, it isn’t too late. The notice will include information about whether you’re offered job-based benefits and if you may be eligible for premium subsidies in the individual market.

3. **Plan for out-of-pocket costs.** Don’t let the unexpected steer you off course. Take advantage of voluntary insurance options to help cover out-of-pocket costs not covered by major medical insurance.


*This material is intended to provide general information about an evolving topic and does not constitute legal, tax or accounting advice regarding any specific situation. Aflac cannot anticipate all the facts that a particular employer or individual will have to consider in their benefits decision-making process. We strongly encourage readers to discuss their HCR situations with their advisors to determine the actions they need to take or to visit healthcare.gov (which may also be contacted at 800-318-2596) for additional information.*

Aflac herein means American Family Life Assurance Company of Columbus and American Family Life Assurance Company of New York.