

Consequences for Consumers without Health Coverage

The table below shows how consumers will be affected if they do not enroll in coverage: who may be subject to the fine, what opportunities individuals have to avoid the fine by applying for an exemption, and how to obtain an exemption.¹

Population	Income (See below for 2014 Federal Filing Thresholds)	Action Required to Claim an Exemption from the Fine? ²	How to Claim an Exemption
Eligible for Medicaid/CHIP Note: Medicaid/CHIP enrollment is open year-round	Income below the federal filing threshold	No (automatically exempt)	N/A
	Income above the federal filing threshold	Yes	1. Submit an application for an affordability exemption through the marketplace, based on 2014 projected income; or 2. Claim an affordability exemption on the 2015 tax return (based on 2014 actual income) ³
Medicaid Gap Population (Ineligible for Medicaid due to state's decision not to expand)	Income below the federal filing threshold	No (automatically exempt)	N/A
	Income above the federal filing threshold	Yes	1. Apply for coverage through healthcare.gov (generates exemption certificate); or 2. Submit an application for a hardship exemption through the marketplace (with copy of notice of denial of eligibility for Medicaid); or 3. Claim an affordability exemption on the 2015 tax return (based on 2014 actual income) ⁴
Eligible for Premium Tax Credits	Income below the federal filing threshold	No (automatically exempt)	N/A
	Income above the federal filing threshold	Yes	1. Submit an application for an affordability exemption through the marketplace, based on 2014 projected income; or 2. Claim an affordability exemption on the 2015 tax return (based on 2014 actual income) ⁵
Ineligible for Premium Tax Credits (Consumer has access to job-based coverage or income >400% FPL)	Income below the federal filing threshold and access to job-based coverage	No (automatically exempt)	N/A
	Income above the federal filing threshold and access to job-based coverage	Yes	1. Submit an application for an affordability exemption through the marketplace, based on 2014 projected income; or 2. Claim an affordability exemption on the 2015 tax return (based on 2014 actual income) ⁶
	Income above the federal filing threshold and >400% FPL	Yes	1. Submit an application for an affordability exemption through the marketplace, based on 2014 projected income; or 2. Claim an affordability exemption on the 2015 tax return (based on 2014 actual income) ⁷

2014 Federal Income Tax Filing Thresholds*

If your filing status is...	Then file a return if your gross income is at least...
single	\$10,150
head of household	\$13,050
married, filing jointly	\$20,300
married, filing separately**	\$3,950
qualifying widow(er) with dependent child	\$16,350

*These thresholds apply to individuals under the age of 65 at the end of 2014.

**Married couples filing separately (except for certain victims of domestic abuse) are not eligible to receive a premium tax credit.

Source: Internal Revenue Service, downloaded from <http://www.irs.gov/pub/irs-drop/rp-13-35.pdf>

Endnotes

¹ While each marketplace (state-based or federally facilitated) has flexibility regarding how to grant exemptions, Connecticut is the only state-based marketplace (SBM) that decided to handle its own exemption applications for 2014. All other SBMs rely on the same exemption policies as the federally facilitated marketplaces, which means consumers in these SBMs need to provide all the relevant information through the federal exemptions applications.

² This table bases whether an individual is subject to the fine (or penalty) on income. For 2014, the fine is 1% of annual income (on the amount of income above the federal tax filing threshold) or \$95 per person for the year, whichever is higher. There are several other categories of exemptions that are non-income based. See <https://www.healthcare.gov/exemptions/>.

³ Medicaid/CHIP is typically free or very low-cost, but individuals eligible for Medicaid/CHIP can obtain an affordability exemption if the monthly premiums for the lowest-cost employer-sponsored plan (for those with access to job-based coverage) or lowest-cost bronze plan (for those without access to job-based coverage) exceed 8% of household income. Consumers seeking to claim an affordability exemption on the tax return who do not have access to employer-sponsored coverage will need to use a tool (similar to <https://www.healthcare.gov/find-premium-estimates/>) to determine the cost of the applicable lowest-cost bronze plan.

⁴ If the monthly premiums for the lowest-cost employer-sponsored plan (for those with access to job-based coverage) or the lowest-cost bronze plan (for those without access to employer-based coverage) exceed 8% of household income, the consumer is exempt.

⁵ If the monthly premiums (minus tax credits) for the lowest-cost bronze plan exceed 8% of household income, the consumer is exempt.

⁶ If the monthly premiums for the lowest-cost employer sponsored plan exceed 8% of household income, the consumer is exempt. Unlike eligibility for tax credits which always only depends on the lowest-cost self-only premium for employees and all family members, the affordability exemption considers self-only plans for employees and family plans for family members.

⁷ If the monthly premiums for the lowest-cost employer sponsored plan (for those with access to job-based coverage) or the lowest-cost bronze plan (for those without access to employer-based coverage) exceed 8% of household income, the consumer is exempt.

