

# Government Subsidies and Penalties for Individuals and Employers Under the Affordable Care Act

## SUBSIDIES

### Individuals:

- Premium subsidies for those with 100% - 400% FPL (see chart).
- Additional out of pocket cost subsidies for those with 133% – 250% of the Federal Poverty Level (FPL).  
Must purchase a silver plan. Out of pocket cost maximum of 6% – 27%.
- Total average subsidy of \$5,000 per family, according to CBO.

Individual Premium Subsidies			
Federal Poverty Level (FPL)	2013 FPL Income Threshold, Family of 1	2013 FPL Income Threshold, Family of 4	Maximum % Income Paid in Premiums
100 – 133%	\$11,490 – \$15,282	\$23,550 – \$31,322	2.0 – 2.0%
133 – 150%	\$15,282 – \$17,235	\$31,322 – \$35,325	3.0 – 4.0%
150 – 200%	\$17,235 – \$22,980	\$35,325 – \$47,100	4.0 – 6.3%
200 – 250%	\$22,980 – \$28,725	\$47,100 – \$58,875	6.3 – 8.05%
250 – 300%	\$28,725 – \$34,470	\$58,875 – \$70,650	8.05 – 9.5%
300 – 400%	\$34,470 – \$45,960	\$70,650 – \$94,200	9.5%

### Small Employers:

- Employers with fewer than 25 employees, eligible for tax credit up to 35% of employer cost (25% for nonprofits) if:
  - Average annual wages below \$50,000.
  - Employer covers at least 50% of total cost.
- 2014 – 2016, tax credit increases to 50% (25% for nonprofits).
- In 2014, must purchase coverage through SHOP exchange.

## PENALTIES

### Individuals:

- Individuals must have health insurance coverage by January 1, 2014.
- Certain individuals can be exempt from the mandate, including:
  - Low-income individuals who cannot afford coverage
  - Undocumented immigrants
  - Indian tribal members and their dependents
  - Individuals who experience a hardship

- Individuals with a coverage gap of three or fewer months
- Members of certain religious sects or health care sharing ministries
- Individuals who are in prison
- Low-income individuals in states that have opted out of the Medicaid expansion
- Individuals with no plan options in their state’s health insurance exchange

<b>Individual Penalty Rates</b>		
<b>Penalty is greater of...</b>		
2014	\$95 per individual*	1% of taxable income over threshold
2015	\$325 per individual*	2% of taxable income over threshold
2016	\$695 per individual*	2.5% of taxable income over threshold
*Uncovered dependent children assessed half the penalty amounts above. Max 3 people total assessed per family.		

**Large Employers Who Do Not Offer Coverage Assessed Penalty (Postponed to 2015):**

- Employers with more than 50 FTEs assessed penalty if at least one employee purchases coverage through HIX and receive the Federal Subsidy.
- Penalty is \$2,000 per employee, minus first 30 employees.

**Large Employers Who Offer Coverage Assessed Penalty if (Postponed to 2015):**

- Employer plan is not both “affordable” and provide “minimum value.”
  - “Affordable:” Individual premium no more than 9.5% of total household income.
  - “Minimum Value:” Employer bears at least 60% of total plan cost.
- Assessed if at least one employee purchases coverage through HIX and receive the Federal Subsidy.
- Penalty is \$3,000 per employee receiving a subsidy, up to maximum of \$2,000 per employee minus first 30 employees.