



INDIVIDUAL MANDATE

What is the Individual Mandate?

Effective January 1, 2014 through December 31, 2018, almost everyone must have "minimum essential coverage" or pay a penalty. The penalties for not having coverage will be removed starting in 2019. This modification to the ACA was included in the 2018 Tax Cuts and Jobs Act.

Qualifying minimum essential coverage includes:

- An employer-sponsored health plan
- A government health plan such as Medicare or Medicaid
- Individual coverage
- A U.S.-issued expatriate plan

Exceptions include:

- Religious reasons
- Not lawfully present in the United States
- In prison
- The cost of coverage exceeds eight percent of household income
- Income below 100 percent of the poverty level
- Hardship waiver obtained
- Not covered for a period of less than three months during the year

Any resident of the U.S. territories (Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa and the Northern Mariana Islands) will be treated as having minimum essential coverage, regardless of whether they have coverage or not.

What penalty applies to individuals who do not maintain minimum essential coverage?

Individuals will pay penalties for each month they don't have coverage. The annual penalties are prorated if someone has coverage for part of the year. The penalty amounts increased year over year, 2014 through 2016, but remained the same for 2017 and 2018 -- the annual penalty is the greater of \$2,085 (\$695 per adult and \$347.50 per child) or 2.5 percent of income over tax-filing threshold. The penalty is removed in 2019, effectively repealing the individual mandate. More details can be found on the Individual Mandate Penalty page.

What reporting is required to confirm compliance with the individual mandate?

Insurers and employers who self-insure their group health plans must provide the Internal Revenue Service (IRS) and each covered individual with information about whether they had minimum essential coverage during each month of the year. Individuals will need this information when they file their income tax returns.



This reporting requirement applies to employers of all sizes, and has not been affected by the 2018 Tax Cuts and Jobs Act, which zeroes out the penalty for individuals starting in 2019.