

## Exemptions for Consumers without Health Coverage in 2015

The table below shows how consumers will be affected if they did 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.<sup>1</sup> For more information and links to exemptions applications, consumers should visit <https://www.healthcare.gov/exemptions/>.

Population	Income (See below for 2015 Federal Filing Thresholds)	Action Required to Claim an Exemption from the Fine? <sup>2</sup>	How to Claim an Exemption <sup>3</sup>
<b>Medicaid Gap Population</b> (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. Claim a <b>hardship exemption</b> <sup>4</sup> on the tax return in 2016
<b>Eligible for Premium Tax Credits</b>	Income below the federal filing threshold	No (automatically exempt)	N/A
	Income above the federal filing threshold	Yes	1. Submit an application for an <b>affordability exemption</b> through the marketplace in 2015; or 2. Claim an <b>affordability exemption</b> on the tax return in 2016
<b>Ineligible for Premium Tax Credits</b> (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 <b>affordability exemption</b> through the marketplace in 2015; or 2. Claim an <b>affordability exemption</b> on the tax return in 2016
	Income above the federal filing threshold and >400% FPL	Yes	1. Submit an application for an <b>affordability exemption</b> through the marketplace in 2015; or 2. Claim an <b>affordability exemption</b> on the tax return in 2016

## 2015 Federal Income Tax Filing Thresholds\*

If your filing status is...	Then file a return if your gross income is at least...
single	\$10,300
head of household	\$13,250
married, filing jointly	\$20,600
married, filing separately**	\$4,000
qualifying widow(er) with dependent child	\$16,600

\*These thresholds apply to individuals under the age of 65 at the end of 2015.

\*\*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-14-61.pdf>

### Endnotes

<sup>1</sup> While each marketplace (state-based or federally facilitated) has flexibility regarding how to grant exemptions, Connecticut is the only state-based marketplace (SBM) that currently handles its own exemption applications. 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. However, once the third open enrollment period begins, current federal guidance requires all SBMs be responsible for managing consumer applications for exemptions granted through the marketplace.

<sup>2</sup> This table bases whether an individual is subject to the fine (or penalty) on income. For 2015, the fine is 2% of annual income (on the amount of income above the federal tax filing threshold) or \$325 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/>.

<sup>3</sup> This table includes options available for different populations to apply for and claim income-based exemptions from the fine for not having health insurance in 2015. However, not everyone who can potentially claim an exemption will ultimately be determined eligible to receive one.

<sup>4</sup> Consumers in the Medicaid gap that need an exemption can most easily claim a hardship exemption on the tax return in 2016, but consumers can also receive other hardship exemptions that are only available through the marketplace (e.g. recent victims of domestic violence, homeless individuals, or individuals who have received a shut-off notice from a utility company).

### Policy Background

The affordability exemption is calculated in essentially the same way whether it is granted by the marketplace or through the tax return. Consumers can obtain an affordability exemption if the monthly premiums would exceed 8.05% of household income. For those with an offer of employer-sponsored coverage, this is calculated based on the lowest-cost employer-sponsored plan. For those without an offer of employer-sponsored coverage, this is calculated based on the lowest-cost bronze plan. This is true even for consumers eligible for Medicaid/CHIP who may need an affordability exemption.

Unlike eligibility for tax credits, which is always determined based on the lowest-cost premium for individual coverage (for the employee and all family members), the affordability exemption considers premiums for individual coverage for employees and premiums for family coverage (when available) for family members. For example, consider a household where only one spouse has an offer of coverage through their employer, where individual coverage would cost \$200 a month, and family coverage would cost \$1,000 a month. Determining tax credit eligibility would be based on the \$200 individual premium for both spouses. Determining eligibility for the affordability exemption would be based on the \$200 individual premium for the employee and the \$1,000 amount for the other spouse.

