



HEALTH CARE FOR ALL

Affordability & Individual Mandate Policies - Affordable Care Act and Massachusetts 2019

PART 1. AFFORDABLE CARE ACT (FEDERAL) INDIVIDUAL MANDATE

The Affordable Care Act (ACA) includes an individual mandate – a requirement that most U.S. residents (including children) have health insurance or pay a penalty. The individual mandate is also known as the “individual shared responsibility requirement”.

UPDATE: Beginning in the 2019 tax-filing year (i.e., calendar year 2020), there will be no federal tax penalty (also known as the “individual shared responsibility payment”) associated with the individual mandate. While individuals will still be required to have “minimum essential coverage” and indicate whether they do on their tax forms, they will not have to pay a penalty if they do not have minimum essential coverage.

Affordability Standards

You can be eligible for an exemption from the individual mandate if the monthly premiums of the lowest-cost **individual** plan available to you cost more than 8.05% of your income.¹

Coverage Standards

According to federal law, you must have health insurance that is considered “**minimum essential coverage (MEC)**.” If you do not have MEC and aren’t eligible for an exemption, you will have to pay a federal tax penalty in 2018.

Minimum essential coverage includes the following:²

- Any health insurance plan offered on the state marketplace (Health Connector) or any individual/family insurance plan you already have that meets MEC standards
- Any employer plan (including COBRA). This includes retiree plans.
- Medicare Part A or C (Medicare Part B by itself does not meet MEC.)
- Medicaid (MassHealth, except Limited benefits)
- Most TRICARE plans (for current service members and military retirees, their families, and survivors)
- Veterans health care programs (including the Veterans Health Care Program, VA Civilian Health and Medical Program (CHAMPVA), and Spina Bifida Health Care Benefits Program)
- Refugee Medical Assistance
- Most student health insurance plans

¹ See page 3 of the *Instructions to IRS Form 8965, 2018*, <https://www.irs.gov/pub/irs-dft/i8965--dft.pdf>

² Center on Budget and Policy Priorities’s *Guide to Minimum Essential Coverage*, <http://www.healthreformbeyondthebasics.org/wp-content/uploads/2016/06/MEC-Reference-Chart.pdf>

For more information on types of minimum essential coverage, check out the Center on Budget and Policy Priorities's *Guide to Minimum Essential Coverage*.³

Exemptions -Reasons You May Not Have to Pay a Federal Tax Penalty (for the 2018 filing year) or Meet the Individual Shared Responsibility Requirement (for the 2019 filing year)

If you fall into any of these categories, you may not have to pay a federal tax penalty when you file 2018 taxes, even if you didn't have health insurance during the year. Some exemptions can be claimed on your tax form⁴, while for others you will need to fill out a form with the Federal Marketplace.⁵ Below is a chart of some of the exemption categories as well as what you need to do to claim them. For the full list of exemptions, see the chart on page 3 of the Instructions to IRS Form 8965.⁶

Reasons You May Not Have to Pay a Federal Tax Penalty in 2018	What do you need to do to avoid a federal tax penalty?
You were uninsured for less than 3 months of the year (only 1 gap allowed)	Indicate on federal tax return
The lowest-cost coverage available to you would cost more than 8.05% of household income	Indicate on federal tax return
Your income was below tax-filing threshold (you are not required to file a tax return)*	Nothing
You are a member of a federally recognized tribe or eligible for services through an Indian health care provider or the Indian Health Service	Indicate on federal tax return
You are a member of a recognized health care sharing ministry	Indicate on federal tax return
You are a member of a recognized religious sect with religious objections to insurance, including Social Security and Medicare	Apply for exemption through Federal Marketplace
You are incarcerated and not awaiting disposition of charges against you	Indicate on federal tax return
You are not lawfully present in the U.S. (undocumented immigrants)	Indicate on federal tax return

³ <http://www.healthreformbeyondthebasics.org/wp-content/uploads/2016/06/MEC-Reference-Chart.pdf>

⁴ IRS Form 8965: *Health Coverage Exemptions*, <https://www.irs.gov/pub/irs-pdf/f8965.pdf>

⁵ Be sure to use the form specific to Massachusetts, made available on HealthCare.gov here:

<https://www.healthcare.gov/exemption-form-instructions/>

⁶ See page 3 of the *Instructions to IRS Form 8965, 2018*, <https://www.irs.gov/pub/irs-dft/i8965--dft.pdf>

***2018 Federal Tax Filing Requirement Thresholds⁷**

Filing Status	Age	Must File a Tax Return If Gross Yearly Income Exceeds
Single	Under 65	\$12,000
	65 or older	\$13,650
Head of Household	Under 65	\$18,000
	65 or older	\$19,600
Married Filing Jointly	Under 65 (both spouses)	\$24,000
	65 or older (one spouse)	\$25,300
	65 or older (both spouses)	\$26,600
Married Filing Separately	Any age	\$5
Qualifying Widow(er) with Dependent Children	Under 65	\$24,000
	65 or older	\$25,300

Hardship Exemptions (Additional Reasons You May Not Have to Pay a Federal Penalty in 2018)

If you have any of the circumstances below that affect your ability to purchase health insurance coverage, you may qualify for a “hardship” exemption. You must apply for a hardship exemption from the federal individual mandate through the Federal Health Insurance Marketplace.⁸

- You were homeless.
- You were evicted or were facing eviction or foreclosure.
- You received a shut-off notice from a utility company.
- You recently experienced domestic violence.
- You recently experienced the death of a close family member.
- You experienced a fire, flood or other natural or human-caused disaster that caused substantial damage to your property.
- You filed for bankruptcy.
- You had medical expenses you couldn’t pay.
- You experienced unexpected increases in necessary expenses due to caring for an ill, disabled or aging family member.
- You expect to claim a child as a tax dependent who’s been denied coverage in Medicaid and CHIP in 2018, and another person is required by court order to give medical support to the child. In this case, you do not have to pay the penalty for the child.

⁷ See page 20 of the Instructions to IRS Form 8965, 2018, <https://www.irs.gov/pub/irs-dft/i8965-dft.pdf>

⁸ The hardship exemption form can be accessed on HealthCare.gov here:

<https://www.healthcare.gov/exemption-form-instructions/>

- As a result of an eligibility appeals decision, you're eligible for enrollment in a qualified health plan (QHP) through the Marketplace, lower costs on your monthly premiums, or cost-sharing reductions for a time period when you weren't enrolled in a QHP through the Marketplace in 2018.
- Your individual insurance plan was cancelled after June 30, 2018 and you believe other Marketplace plans are unaffordable.
- You experienced another hardship in obtaining health insurance.

2018 Penalty Amounts⁹

The amounts below are annual amounts; penalties are pro-rated by the number of months that you went without health insurance coverage.

For the 2018 tax-filing year, the annual penalty amount is:

- The greater of:
 - 2.5% of your household income that is above the tax return filing threshold for your filing status, or
 - Your family's flat dollar amount, which is around \$695 per adult and \$347.50 per child under age 18, limited to a family maximum of \$2,085.

PART 2. MASSACHUSETTS (STATE INDIVIDUAL MANDATE)

Massachusetts has its own individual mandate - a law that requires all adults ages 18 and older with access to affordable health insurance that's considered "minimum creditable coverage" to obtain it, or pay a penalty if they're not eligible for an exemption.

Affordability Standards

Your health coverage is considered affordable if you pay at or less than the amount in the Health Connector's Affordability Schedule. The amounts for **2018** are below. If your monthly premium is higher than the affordability standard for your income level as detailed in the chart below, your health coverage is not considered affordable. If your health coverage is not MCC, but is also not affordable, you will not have to pay a penalty:

Individuals

% of FPL	Yearly Income	Affordability Standard (Maximum Percentage of Income)
0-150%	\$0-18,090	0%
150.1-200%	\$18,091-24,120	2.90%
200.1-250%	\$24,121-30,150	4.20%
250.1-300%	\$30,151-36,180	5.00%
300.1-350%	\$36,181-42,210	7.45%
350.1-400%	\$42,211-48,240	7.60%
Above 400%	\$48,241	8.05%

⁹ More information can be found on HealthCare.gov here: <https://www.healthcare.gov/fees/fee-for-not-being-covered/>

Couples

% of FPL	Yearly Income	Affordability Standard (Maximum Percentage of Income)
0-150%	\$0-24,360	0%
150.1-200%	\$24,361-32,480	4.35%
200.1-250%	\$32,481-40,600	6.25%
250.1-300%	\$40,601-48,720	7.45%
300.1-350%	\$48,721-56,840	7.45%
350.1-400%	\$56,841-64,960	7.60%
Above 400%	\$64,961	8.00%

Families

% of FPL	Yearly Income	Affordability Standard (Maximum Percentage of Income)
0-150%	\$0-30,630	0%
150.1-200%	\$30,631-40,840	3.45%
200.1-250%	\$40,841-51,050	4.95%
250.1-300%	\$51,051-61,260	5.95%
300.1-350%	\$61,261-71,470	7.45%
350.1-400%	\$71,471-81,680	7.60%
Above 400%	\$81,681	8.05%

Coverage Requirements

As mentioned above, in order to meet the state individual mandate in Massachusetts, you must have health coverage that meets certain requirements, known as **minimum creditable coverage (MCC)**. All health insurers are required to tell you if your plan meets MCC.



Look for these symbols on your health plan documents. The check mark (left) indicates that the plan meets MCC. A check mark with a slash (right) indicates that it does not.¹⁰

¹⁰ For more information about minimum creditable coverage, see the *Consumer Guide to the Massachusetts Individual Mandate*, <https://www.mahealthconnector.org/wp-content/uploads/Individual-Mandate-Consumer-Guide.pdf>

Exemptions (Reasons You May Not Have to Pay a Massachusetts Penalty)

If you fall into any of these categories, you do not have to pay a state penalty, even if you didn't have health insurance during the year.

Reasons You May Not Have to Pay a Massachusetts Tax Penalty	What do you need to do to avoid a Massachusetts tax penalty?
You are uninsured for 3 or less consecutive months (non-consecutive gaps allowed)	Indicate on state tax return
The coverage available to you is not affordable to you based on Health Connector rules	Indicate on state tax return or file a certificate of exemption ahead of time*
Your income is below 150% FPL (\$18,090/year for an individual)	Indicate on state tax return
You are a child	Indicate on state tax return
You have sincerely held religious beliefs that object to insurance	File a sworn affidavit with your state tax return

****Certificate of Exemption***

You can also request an exemption based on affordability before the end of the year, before you file your taxes. The Connector will accept requests from you if you:

- will be filing a Massachusetts personal income tax return,
- have sought to purchase health insurance coverage through the Connector, and seek a certificate stating that no Connector health plans are affordable for you.

Requests for certificates must be mailed to the Connector and received before December 1st in the tax year for which the penalty may be assessed.

Hardship Appeals

You may able to appeal a state tax penalty if you have any of the circumstances below that affect your ability to purchase health insurance coverage that meets MCC.

- You were homeless, or more than 30 days late in rent or mortgage payments, or received an eviction or foreclosure notice.
- You received a shut-off notice, or were shut off, or were refused delivery of essential utilities (gas, electric, oil, water, or telephone).
- You incurred a significant, unexpected increase in essential expenses resulting directly from:
 - Domestic violence;
 - Death of a spouse, family member, or partner with primary responsibility for child care where that spouse, family member or partner had shared household expenses;
 - Sudden responsibility for providing full care for an aging parent or other family member, including major, extended illness of a child that requires a working parent to hire a full-time caretaker for the child;
 - Fire, flood, natural disaster, or other unexpected natural or human-caused event; or causing substantial household or personal damage for you.

- The Health Connector will also consider if any other reasons you may claim demonstrate that you could not afford to purchase health insurance that met minimum creditable coverage.

What do you need to do to file a hardship appeal?

Complete the appeal section on the Schedule HC tax form.¹¹ The Department of Revenue will send you a letter asking you to write down your reasons for the appeal and you will have to submit documents to support these reasons and send to the Health Connector. You need to respond within the timeframe in the letter or you cannot appeal and you will have to pay the penalty.

Penalty Amounts¹²

If you do not have minimum creditable coverage and do not meet any of the exemptions above, you may have to pay the state tax penalty. The penalty amounts for Massachusetts are half the cost of the lowest-cost plan that would be offered to you through the Health Connector for each month that you were uninsured. The penalty amounts in **2018** for adults are:

% of FPL	Yearly Income	Penalty Amount
150.1-200%	\$18,091-24,120	\$22/month \$264/year
200.1-250%	\$24,121-30,150	\$42/month \$504/year
250.1-300%	\$30,151-36,180	\$63/month \$756/year
Above 300% FPL	Above \$36,181	\$119/month \$1428/year

PAYING PENALTIES ON MASSACHUSETTS AND FEDERAL TAXES

Massachusetts plans to keep its state tax penalty for not meeting the state individual mandate in 2019 even though there will be no federal tax penalty associated with the federal individual mandate in 2019. Therefore, it will be important to make sure your coverage is minimum creditable coverage in 2019. For the 2018 tax-filing year, individuals subject to the federal tax penalty will have to pay it in full. No one will pay double penalties. This is how the state will calculate your state penalty for 2018 if you are subject to both the state and federal penalty:

- If the federal penalty is greater than the state penalty, then the state penalty amount is \$0.
- If the federal penalty is less than the state penalty, then the state penalty amount is the state penalty minus the federal penalty.

¹¹ Schedule HC Health Care Information, 2018,

<https://www.mass.gov/files/documents/2019/01/09/dor-2018-inc-sch-hc.pdf>

¹² Technical Information Release 18-2: Individual Mandate Penalties for Tax Year 2018,

<https://www.mass.gov/technical-information-release/tir-18-2-individual-mandate-penalties-for-tax-year-2018>