

Penalty

Individuals who fail to maintain minimum essential coverage are subject to a penalty tax equal to the lesser of:

- The sum of the monthly penalty amounts for months in the taxable year during which one or more failures occurred, or
- An amount equal to the national average annual premium for the bronze level health plan offered through the state health insurance exchange that year for the household size.

For 2014, the maximum penalty is the greater of \$95 or 1% of the excess of household income over the threshold amount (\$325 or 2% for 2015).

Five Categories of Marketplace Insurance Plans

When you compare Marketplace insurance plans, they're put into five categories based on how you and the plan can expect to share the costs of care:

- Bronze
- Silver
- Gold
- Platinum
- Catastrophic

All Marketplace insurance plan categories offer the same set of essential health benefits. The categories do not reflect the quality or amount of care the plans provide.

The category you choose affects how much your premium costs each month and what portion of the bill you pay for things like hospital visits or prescription medications. It also affects your total out-of-pocket costs—the total amount you'll spend for the year if you need lots of care.

The maximum out-of-pocket costs for any Marketplace plan for 2014 are \$6,350 for an individual plan and \$12,700 for a family plan.

Note: Catastrophic plans—which have very high deductibles and essentially provide protection from worst-case scenarios, like a serious accident or extended illness—are available to people under 30 years old and to people who have hardship exemptions from the fee that most people without health coverage must pay.

Visit www.healthcare.gov for more information about these plans.

Contact Us

There are many events that occur during the year that can affect your tax situation. Preparation of your tax return involves summarizing transactions and events that occurred during the prior year. In most situations, treatment is firmly established at the time the transaction occurs. However, negative tax effects can be avoided by proper planning. Please contact us in advance if you have questions about the tax effects of a transaction or event, including the following:

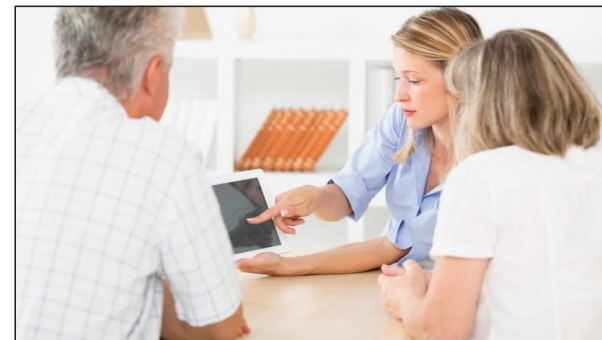
- Pension or IRA distributions.
- Significant change in income or deductions.
- Job change.
- Marriage.
- Attainment of age 59½ or 70½.
- Sale or purchase of a business.
- Sale or purchase of a residence or other real estate.
- Retirement.
- Notice from IRS or other revenue department.
- Divorce or separation.
- Self-employment.
- Charitable contributions of property in excess of \$5,000.

This brochure contains general information for taxpayers and should not be relied upon as the only source of authority. Taxpayers should seek professional tax advice for more information.

CALL 801.455.8961

2015

Health Care Reform Individual Insurance Requirement



The TaxPros have 33 years of Quality Experience and Service. We are the Best, We:

**Get your Money Fast,
Guarantee Our Work,
Provide Audit Assistance,
Guarantee your satisfaction,**

Provide Year Round Assistance

CALL 801.455.8961



Requirement to Have Health Insurance

Beginning January 2014, nonexempt U.S. citizens and legal residents are required to maintain minimum essential coverage. Minimum essential coverage can include government-sponsored programs, eligible employer-sponsored plans, plans in the individual market, grandfathered group health plans, and other coverage as recognized by the Secretary of Health and Human Services (HHS), in coordination with the Secretary of the Treasury. Government-sponsored programs include Medicare, Medicaid, Children's Health Insurance Program, coverage for members of the U.S. military, veteran's health care, and health care for Peace Corps volunteers. Eligible employer-sponsored plans include governmental plans, church plans, grandfathered plans, COBRA coverage, retiree coverage, and other group health plans offered in the small or large group market within a state.

Health Insurance Portability and Accountability Act (HIPAA)

Excepted Benefits

Minimum essential coverage does not include coverage that consists of certain HIPAA excepted benefits. HIPAA excepted benefits include:

- 1) Coverage only for accident or disability income insurance,
- 2) Coverage issued as a supplement to liability insurance,

- 3) Liability insurance, including general liability insurance and automobile liability insurance,
- 4) Workers' compensation or similar insurance,
- 5) Automobile medical payment insurance,
- 6) Credit-only insurance,
- 7) Coverage for on-site medical clinics, and
- 8) Other similar insurance coverage, specified in regulations, under which benefits for medical care are secondary or incidental to other insurance benefits. Other HIPAA excepted benefits that do not constitute minimum essential coverage if offered under a separate policy, certificate, or contract of insurance include long-term care, limited scope dental and vision benefits, coverage for a disease or specified illness, hospital indemnity or other fixed indemnity insurance, or Medicare supplemental health insurance.

Who Must Be Insured

All U.S. citizens and legal residents without an exemption are required to maintain minimum essential coverage. This includes the spouse of an individual and children. The adult or married couple who can claim the child as a dependent for federal income tax purposes is subject to the penalty if a child does not have minimum essential coverage.

Senior citizens enrolled in Medicare are considered to have minimum essential coverage. If a taxpayer files a joint tax return, the taxpayer and spouse are jointly liable for any penalty for not maintaining minimum essential coverage.

Exempt Individuals

The following individuals are exempt from the requirement to obtain minimum essential coverage:

- 1) *Religious conscience.* A member of a religious sect that is recognized as conscientiously opposed to accepting any insurance benefits. The Social Security Administration administers the process for recognizing these sects according to the criteria in the law.
- 2) *Health care sharing ministry.* A member of a recognized health care sharing ministry.
- 3) *Indian tribes.* A member of a federally recognized Indian tribe.
- 4) *No filing requirement.* The individual's household income is below the minimum threshold for filing a tax return. The requirement to file a federal tax return depends on filing status, age, and types and amounts of income.
- 5) *Short coverage gap.* The individual went without coverage for less than three consecutive months during the year.
- 6) *Hardship.* A Health Insurance Marketplace, also known as an Affordable Insurance Exchange, has certified that the individual suffered a hardship that makes him or her unable to obtain coverage.
- 7) *Unaffordable coverage options.* An individual can't afford coverage because the minimum amount he or she must pay for the premiums is more than 8% of household income.
- 8) *Incarceration.* The individual is in a jail, prison, or similar penal institution or correctional facility.
- 9) *Not lawfully present.* An individual who is neither a U.S. citizen, a U.S. national, nor an alien lawfully present in the U.S.