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The Affordable Care Act: The Individual Mandate

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What is the individual mandate?

The individual mandate is a requirement of the Patient Protection and Affordable Care Act that all United States citizens and legal immigrants acquire “qualifying” health insurance.

What is the purpose of the individual mandate?

The individual mandate serves several purposes including: potentially decreasing health care costs for those who would have been uninsured, increasing the number of people in health insurance pools, and reducing overall healthcare costs by reducing uncompensated care.

Is anyone excluded from the mandate?

The few that are excluded from the mandate fall into one of the following categories:

- Those who are not required to file income taxes because they fall below the income threshold
- Members of federally recognized religions who do not to seek medical care or insurance
- Members of recognized healthcare sharing ministries
- Those individuals covered by the Indian Health Program
- Veterans covered by Veterans Affairs
- Those individuals in jail or prison
- Illegal immigrants (who are not allowed to buy insurance through the insurance marketplace)
- Those individuals granted a hardship exemption

When does the mandate go into effect?

The mandate becomes effective January 1, 2014. To be considered covered by a health insurance plan through the insurance marketplace on January 1, one will need to be enrolled by December 15, 2013.

What types of insurance qualify as health insurance under the mandate?

- Employer based health insurance
- Individual health insurance purchased either privately or through an exchange
- People younger than 30 may purchase low-cost, high deductible plans

- Medicaid or CHIP
- Medicare
- Federal Employees covered through the Federal Employees Health Benefits Program
- COBRA and retiree coverage
- TRICARE
- Peace Corps volunteer plans

All plans accepted must provide minimum essential services, and the details of these services can be found at <https://www.healthcare.gov>. Plans that offer very limited coverage, such as those for one disease or vision or dental, or workers compensation will not qualify as health insurance coverage.

Where can I buy health insurance?

Insurance can be bought privately either outside of the marketplace or through the newly established insurance marketplace. In Missouri the insurance marketplace will be run the by federal government. Insurance may also be purchased through an employer.

What happens if I don't buy health insurance?

There is a penalty for those who do not enroll in a health insurance plan as of January 1, 2014 and going forward. The penalty comes in the form of a tax that is withheld from income tax refunds. The penalty is the greater of either a flat charge or a percentage of income. There is an increase in the amount of the tax each year through 2016 as follows:

2014	2015	2016	2017+
\$95 or 1% of income	\$325 or 2% of income	\$695 or 2.5% of income	flat dollar amount increased by cost-of-living

In subsequent years the tax will be increased in accordance with increases in cost of living. The penalty for uninsured children is half that of an adult and there is a cap on the penalty amount equivalent to the lowest priced health insurance plan offered that year in the health insurance marketplace. The penalty amount will be determined based on the amount of time a person goes without insurance in a year.

How will the mandate be enforced?

Proof of insurance will be required when paying income taxes. Failure to show this proof will result in the IRS withholding the penalty amount from the income tax return. The only way the penalty will be enforced is through the withholding of tax return funds. Failure to pay the penalty will not result in criminal prosecution or liens or confiscation of property.

How does the individual mandate affect Missourians?

The individual mandate will be enforced in Missouri as it is in the rest of the country. Missouri chose not to expand Medicaid eligibility to all individuals with incomes at or below to 133% of the poverty level. Those individuals that fall below that 133% threshold and do not qualify for Medicaid will not be required to buy private health insurance due to their low income. This does not mean that they are not allowed to buy insurance, but it simply means that they will not be taxed if they cannot afford to buy it.

What if I cannot afford to purchase health insurance?

Hardship exemptions will be granted for people, who even with government subsidies, cannot afford to buy health insurance. This will include anyone who's lowest cost available insurance plan will cost more than 8% of their income.

What if I lose my job and my health insurance?

Short term lapses (up to three months) will not result in a penalty fee. You will be able to purchase coverage on the exchange at any time after a qualifying event such as change in job or relocation.

References

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