

# ObamaCare Mandate: Exemption and Tax Penalty

## Find out More About the ObamaCare Mandate and How You Can Qualify for an Exemption from the Tax "Penalty"

**ObamaCare Mandate;** those who choose not to purchase insurance will have to pay a tax "penalty" unless they qualify for an exemption. Exemptions from ObamaCare's tax "penalty" mandate are available to a number of Americans. Look below to see if you qualify for an exemption.

**Hardship Exemption Update:** If you had your plan canceled in 2014 due to the Affordable Care Act you now qualify for a hardship exemption in 2014. That means you won't have to pay the fee if you decide to go without insurance and will qualify for low premium, high out-of-pocket catastrophic plans on your State's health insurance marketplace.

## About ObamaCare Tax Exemptions

The mandate's exemptions cover a variety of people, including: members of certain religious groups and Native American tribes; undocumented immigrants (who are not eligible for health insurance subsidies under the law); incarcerated individuals; people whose incomes are so low they don't have to file taxes (currently \$9,500 for individuals and \$19,000 for married couples); and people for whom health insurance is considered unaffordable (where insurance premiums after employer contributions and federal subsidies exceed 8% of family income); and those going without insurance for less than three months in a row.

**If you belong to any of the groups listed below you are exempt from ObamaCare's mandate to "obtain minimum essential coverage" (i.e. buy insurance):**

- **Unaffordable coverage options Exemption.** People who would have to pay more than 8 percent of their household income for health insurance
- **No filing requirement.** People with incomes below the threshold required for filing taxes (in 2012, \$9,750 for a single person and \$27,100 for a married couple with two children)
- **Hardship.** The Health Insurance Marketplace, also known as the Affordable Insurance Exchange, has certified that you have suffered a hardship that makes you unable to obtain coverage. (please note that if your plan was canceled due to the Affordable Care Act in 2013 you qualify for a hardship exemption in 2014 and are not thus not required to obtain coverage).
- **Short Coverage Gap Exemption.** If go without coverage for less than three consecutive months during the year you will not be responsible for the fee for those months. Make sure to sign up for a plan that starts by April 1st, 2014 to avoid the per month fee in 2014. Open enrollment ends March 31st, but if you sign up after March 15th your coverage won't start until May 1st, 2014 and you may be responsible for the fee for going without health coverage in April.
- **Religious conscience.** People who qualify for religious exemptions. The Social Security Administration administers the process for recognizing these sects according to the criteria in the law.

- **Health care sharing ministry.** You are a member of a recognized health care sharing ministry
- **Not lawfully present.** Undocumented immigrants; You are not a U.S. citizen, a U.S. national or an alien lawfully present in the U.S.
- **Incarceration.** People who are incarcerated.
- **Indian tribes.** Members of a federally recognized Indian tribe.

For those who can afford it and choose not to purchase health insurance the tax will be unavoidable. The money collected from these taxes goes towards funding ObamaCare and subsidizing hospitals who will have to cover unpaid emergency room visits. The money is also a down payment on your almost inevitable use of the health care system.

## ObamaCare Hardship Exemption Extension for Canceled Plans

As of December 20th 2013 HHS announced that the "hardship exemption" will exempt anyone who had their plan canceled due to the Affordable Care Act. These Americans will still be able to buy insurance and use subsidies, but they will not be responsible for the fee for going without coverage in 2014. Since they will now qualify for a hardship exemption they will also be eligible to buy a catastrophic plan through their State's marketplace. A catastrophic plan is a plan with high out-of-pocket costs but very low premiums. We at ObamaCare Facts suggest, as always, that you buy the plan that is right for you and your family and many times that plan is a silver level or higher that comes with reasonable deductibles, affordable out-of-pocket costs, and a solid insurer network.

## How the ObamaCare Mandate Works

Americans who can afford to purchase insurance but chose not to will have to pay an income tax "penalty". This is officially a tax but is also referred to as a "penalty" and a "mandate". The way the ObamaCare mandate works is that any non-exempt who choose to purchase non-qualifying health insurance must pay an income tax surtax at a rate of 1% or \$95 in 2014 to 2.5% in 2016 on profitable income above the tax threshold. The total penalty amount cannot exceed the national average of the annual premiums of a "bronze level" health insurance plan on ObamaCare exchanges.

The fee is a per month fee for every month you go without insurance. You have a 3 month "coverage gap" meaning you can go without minimum essential coverage for up to 3 months in a year.

Learn [more details](#) about **the Individual Mandate** works.

## When Does the New ObamaCare Tax "Penalty" Come into Effect?

The fee for not complying with the ObamaCare Mandate will be paid on your 2014 federal tax returns. The Health Insurance Marketplace opened on Oct, 1st 2013 and coverage starting before April 1st, 2014 will ensure that you avoid paying the tax. Make sure you understand the **health insurance marketplace deadlines** to ensure you get a plan during open enrollment if you do not qualify for an exemption from ObamaCare's tax penalty.