



VCU Medical Center

Office of Health Innovation

Final Rule: Health Insurance Premium Tax Credit

Description: This document contains final regulations relating to the health insurance premium tax credit enacted by the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010. These final regulations provide guidance to individuals related to employees who may enroll in eligible employer-sponsored coverage and who wish to enroll in qualified health plans through Affordable Insurance Exchanges and claim the premium tax credit.

Major Provisions

The proposed regulations provided that, for taxable years beginning before January 1, 2015, an eligible employer-sponsored plan is affordable for related individuals if the portion of the annual premium the employee must pay for self-only coverage (the required contribution percentage) does not exceed 9.5% of the taxpayer's household income. These final regulations adopt the proposed rule without change.

Section 5000A, which establishes the shared responsibility payment applicable to individuals for failure to maintain minimum essential coverage, addresses affordability for employees in section 5000A(e)(1)(B) and, separately, for related individuals in section 5000A(e)(1)(C). Proposed regulations under section 5000A, which the Treasury Department is releasing concurrently with these final regulations, provide that, for purposes of applying the affordability exemption from the shared responsibility payment in the case of related individuals, the required contribution is based on the premium the employee would pay for employer-sponsored family coverage.

These final regulations apply to taxable years ending after December 31, 2013.