



VCU Medical Center

Office of Health Innovation

Proposed Rule: Shared Responsibility Payment for Not Maintaining Minimum Essential Coverage

Summary: This document contains proposed regulations relating to the requirement to maintain minimum essential coverage enacted by the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010, as amended by the TRICARE Affirmation Act and Public Law 111-173. These proposed regulations provide guidance on the liability for the shared responsibility payment for not maintaining minimum essential coverage. This document also provides notice of a public hearing on these proposed regulations.

Major Provisions

Under the Affordable Care Act, individuals who do not comply with all provisions of the act, i.e. get on an insurance plan that provides "minimum essential coverage," will be taxed through the IRS for not doing so. Section 5000A(a) and section 5000A(b) provide that nonexempt individuals must have minimum essential coverage for each month beginning after December 31, 2013, or make an additional payment (the shared responsibility payment) with their Federal income tax return for the taxable year that includes such month.

For a month when a nonexempt individual does not have minimum essential coverage, if the nonexempt individual is a dependent of another individual for the other individual's taxable year including that month, the other individual is liable for the shared responsibility payment attributable to the dependent's lack of coverage.

Married individuals who file a joint return for a taxable year are jointly liable for any shared responsibility payment for a month included in the taxable year.

Exempt Individuals

- a. Members of religious sects
- b. Member of health care sharing ministries
- c. Exempt noncitizens (nonresident aliens, illegal immigrants)
- d. Incarcerated individuals
- e. Individuals with no affordable coverage

Shared Responsibility Payment

A taxpayer must pay the shared responsibility payment for each month that the taxpayer or the taxpayer's dependents lacked minimum essential coverage and did not qualify for an exemption. The amount of the tax is the lesser of the applicable national average bronze plan premium or the sum of the monthly payment amounts. The monthly payment amount equals one twelfth of the greater of

- the fixed dollar amounts (\$95 for 2014, \$325 for 2015, and \$695 for 2016) times the number of adults in the household and one half the specified amount times the number of children in the household, up to a maximum of three times the flat amount, or
- the amount of the taxpayer's household income in excess of the tax filing threshold times 1 percent for taxable years beginning in 2013 and 2014, 2 percent for taxable years beginning in 2014, and 2.5 percent for years thereafter.