Individual Mandate – Health Care Reform Law (111-148)

**Background:** The Patient Protection and Affordable Care Act establishes a requirement for individuals and their respective dependents to secure and maintain health insurance coverage.

**Summary of Provision(s)**

Title 1 of the Health Care Reform Act requires most individuals to have minimum acceptable health insurance coverage or pay a tax penalty beginning in 2014; exemptions are allowed for those who cannot afford coverage, religious objectors, or if the individual has income below the tax filing threshold. Also known as the individual mandate, those without coverage pay a tax penalty of the greater of $695 per year (up to a maximum of three times that amount, or $2,085, per family) or 2.5% of household income. The penalty will be phased-in according to the following schedule: $95 in 2014, $325 in 2015, and $695 in 2016 for the flat fee or 1.0% of taxable income in 2014, 2.0% of taxable income in 2015, and 2.5% of taxable income in 2016. After 2016, the penalty will be increased annually by the cost-of-living adjustment. Exemptions will be granted for financial hardship, religious objections, American Indians, those without coverage for less than 3 months, undocumented immigrants, incarcerated individuals, those for whom the lowest cost plan option exceeds 8% of an individual’s income, and those with incomes below the tax filing threshold. (In 2009, the threshold for taxpayer aged 65 years or under was $9,350 for singles and $18,700 for couples; Section 1501 and 1502.)

**Timeline for Implementation:** The individual mandate is scheduled to become a requirement as of 2014.

**Agency Responsible for Implementation/Enforcement:** The U.S. Department of Health and Human Services will develop regulations for the individual mandate and the Internal Revenue Service will enforce the requirement.

**Related Issues in Health Care Reform:** Employer Requirements; Health Care Insurance Exchange; Small Business Tax Credits.

**References:**