

# IMPORTANT CONSIDERATIONS FOR EMPLOYEES BEFORE DECIDING TO WAIVE COVERAGE

## Individual Mandate Information

**FEDERAL:** The ACA Individual Shared Responsibility Payment (Penalty) has been reduced to \$0, effective 1/1/2019.

**STATE:** California's Minimum Essential Coverage **Individual Mandate and Penalty effective 1/1/2020.** The monthly penalty amount is equal **to the greater of either 1 or 2 below,** and is adjusted annually by the state. The penalty can fluctuate beyond these general penalty amounts, according to a person's family size or tax status.

1. An amount equal to 1/12th of the lesser of A or B below:
  - A. The sum of **\$750** (age 18 & over) plus \$375 (if not attained age 18 at beginning of month) for all applicable household members who failed to enroll in & maintain minimum essential coverage.
  - B. 300% of \$750
2. **2.5%** of excess of applicable household income for taxable year over amount of gross income that would trigger the requirement to file a state tax return.

The California non-compliance penalty varies based on a number of factors, including persons in household, month(s) without coverage, income, etc. Because each person's penalty varies according to his or her own unique situation, the California Franchise Tax Board released a penalty estimator to help Californians estimate what it may cost to not have health coverage under the mandate. The calculator is accessible at: <https://www.ftb.ca.gov/about-ftb/newsroom/health-care-mandate/index.html>

If you currently have coverage, or plan to apply for coverage, through Covered California and utilize a Premium Tax Credit (PTC) to help you pay for your coverage, take caution. If the coverage your employer offers meets the following criteria, you are not eligible for a PTC:

**Your portion of the 2024 premium cost for self-only coverage on the lowest cost minimum value plan offered by your employer is 8.39% or less of your household income (Modified Adjusted Gross Income or MAGI).**

*You could be required to pay back a significant portion of the monies advanced for payment of your premium if you receive a PTC for which you are not eligible; unless you qualify for an exemption. We recommend checking with your trusted tax advisor and/or contacting Covered California to help you make an informed decision.*

The health coverage we offer does meet the Affordable Care Act (ACA) criteria for minimum essential coverage that meets minimum value (at least a 60% bronze level plan). If you need a copy of the Summary of Benefits & Coverage (SBC), which includes a statement that the plan meets this criteria, or you need details on the portion you would pay for self-only coverage on the lowest cost minimum value plan we offer please request that information from the contact listed below. \*

The coverage being offered to you by \_\_\_\_\_ meets the

- following ACA Affordability Safe Harbor:
- W-2 Box 1 Income for the corresponding tax year
  - Rate of Pay x 130 Hours (at the beginning of plan effective date)
  - Federal Poverty Level (at the beginning of the plan effective date)

\*This paragraph does not apply for MEC Only plan offerings.

**Important Notice:**

The State of California is working to reduce the number of uninsured families with the adoption of a new state individual health care mandate.

The mandate, which takes effect on January 1, 2020, requires Californians to have qualifying health insurance coverage throughout the year.

Many people already have qualified health insurance coverage, including employer-sponsored plans, coverage purchased through Covered California or directly from insurers, Medicare, and most Medicaid plans.

Under the new mandate, those who fail to maintain qualifying health insurance coverage could face a financial penalty unless they qualify for an exemption.

Generally speaking, a taxpayer who fails to secure coverage will be subject to a penalty of \$750 (adjusted annually with inflation) when they file their 2024 state income tax return in 2025. The penalty for a dependent child is half of what it would be for an adult.

The penalty is based on your state income and the number of people in your household.