

# Understanding the Requirement to Have Health Insurance



About this  
fact sheet

Starting in 2014, everyone must have health insurance that covers their basic health care needs. The only people who do not need to get health insurance are the ones who get an “exemption.” If you don’t get health insurance or an exemption, you will have to pay a fee.

## 1. Do I have to get health insurance?

Yes. Starting in 2014, everyone must have health insurance. The only people who do not need to have health insurance are the ones who get an “exemption.”

If you don’t have health insurance or an exemption, you must pay a fee on your taxes.

The requirement to have basic health insurance is sometimes called “individual responsibility” or the “individual mandate.”

## 2. What kind of health insurance do I need to have?

In general, if you have health insurance, you won’t have to pay a fee. But some types of plans are not really health insurance or don’t count as being good enough, and you will still have to pay a fee if this is the only insurance you have. These include:

- car insurance
- discount plans that charge you less for prescriptions or doctor visits, but do not pay for health care services
- Medicaid that pays for only emergency services
- plans that pay for only services that treat one specific disease or condition, such as cancer plans
- plans that pay you a set amount if you are sick or in the hospital, but do not pay for other health care services

- short-term plans (plans that pay for health care services for only a short amount of time, such as a few months)
- some state or local public health plans
- workers' compensation plans

If you are not sure if your health insurance is good enough, you can call 1-800-318-2596 for help. You can also ask your insurance company or your state Medicaid agency.

### 3. What if I am uninsured for only a short time?

It depends.

You don't have to pay a fee for months when you had insurance for at least one day.

**For students:** You will need to ask your school or its insurance company if your plan is good enough to avoid paying a fee.

If you don't have health insurance for less than three months in a row, you don't have to pay a fee. But if you get insurance after that and then lose it again, you will have to pay a fee unless you get an exemption.

### 4. How much do I have to pay if I don't get health insurance or an exemption?

If you don't have insurance for the entire year in 2015, you will have to pay the highest of these two amounts:

**Amount #1:** \$325 per adult and \$162.50 per child (but no more than \$975)

**Amount #2:** approximately 2 percent of your family's income\*

If you are uninsured for less than a year, you will have to pay a smaller fee only for the months that you did not have insurance.

The fee will not cost more than a bronze plan, which is the cheapest type of health insurance you can buy in the marketplace. The fee will get more expensive starting in 2016.

\*To figure out this amount, subtract the tax filing threshold (\$10,150 for a single person in 2014) from your income, then multiply the difference by .01.

### 5. How do I avoid paying a fee if I don't have health insurance?

The only way to avoid paying a fee if you don't have health insurance is to get an exemption.

**You can get an exemption at tax time for any of these situations:**

- Your family's income is low enough that you do not need to file taxes. If you don't file a tax return because your income is too low, you don't have to do anything special to get the exemption.
- Health insurance costs more than 8 percent of your family's income.
- You are in prison or jail following a conviction.
- You are not lawfully living in the United States, or you are not a U.S. permanent resident (you are a "nonresident alien," see <http://www.irs.gov/taxtopics/tc851.html>).
- You are an American Indian.
- You are a member of a recognized health care sharing ministry that pays for its members' health care expenses.

**For these situations, you will need to get a "certificate of exemption" from the marketplace. There are different rules on when you should apply depending on the situation.**

**Apply right away and before you file your taxes if:**

- Your basic living expenses increase so much that you can't afford health insurance.
- The costs of buying a health plan would make you go without necessities.
- The marketplace agrees that other reasons make you unable to get insurance (such as homelessness, eviction, foreclosure, damage from natural disaster, etc.).

Your certificate of exemption for these hardships might last for only a few months. After that, you need to apply again to avoid paying a fee for the months that you go without insurance.

**Apply before January 31, 2015, if, based on how much you think your family will earn:**

- Insurance through your job for just you will cost more than 8 percent of your family's income.
- Insurance for your family through a family plan will cost more than 8 percent of your family's income.

### Apply at any time during the year if:

- You belong to a recognized religious sect that is opposed to health insurance, like the Amish.
- Your income is below \$16,243 for one person, \$21,983 for a family of two, \$27,724 for three, or \$33,465 for four in 2015, and you cannot get Medicaid in your state.
- You get health care from an Indian health care provider.

If you need a certificate of exemption, ask your health insurance marketplace or go to [www.healthcare.gov](http://www.healthcare.gov) to find out how to apply for one. For more information, call 1-800-318-2596; hearing impaired callers TTY/TDD number: 1-855-889-4325.

See the Internal Revenue Service's "Questions and Answers on the Individual Shared Responsibility Provision" for more information at, <http://www.irs.gov/uac/Questions-and-Answers-on-the-Individual-Shared-Responsibility-Provision>.

### MORE INFORMATION

To learn more about how to get exemptions See Families USA's ***Types of Exemptions from the Requirement to Have Health Insurance.***

### Catastrophic Coverage for People Who Can't Afford Insurance

If you qualify for an exemption because you can't afford insurance, you may be able to get catastrophic coverage through the marketplace. Catastrophic plans have very low monthly fees, but they may pay for even less of your health care costs than the cheapest bronze plans. Catastrophic plans can protect you from extreme medical debt if you have a serious illness or injury.

The complete *What You Need to Know about Health Insurance* series:

### **Applying for Health Insurance**

*Answering Questions about Your Family When Applying for Health Insurance*

*Answering Questions about Your Family's Income When Applying for Health Insurance*

*Applying for a Marketplace Plan if You Can Get Health Insurance through Your Job*

*What to Do if You Are Uninsured after February 15, 2015*

### **Getting Financial Assistance**

*Getting Financial Assistance to Pay for Health Insurance*

*Deciding How Much Financial Assistance to Use to Lower Your Monthly Premiums*

*Will I Be Able to Get Financial Help to Pay for Health Insurance?*

*How Getting Financial Assistance to Pay for Health Insurance Affects Your Taxes*

*Getting Extra Financial Assistance to Help Pay Health Care Costs*

### **Choosing a Health Plan**

*Choosing the Health Plan that's Right for You*

*Choosing a Health Plan You Can Afford*

*Understanding the Differences between Platinum, Gold, Silver, and Bronze Plans*

*Understanding Catastrophic Health Insurance*

*Buying Children's Dental Coverage through the Marketplace*

### **Keeping and Using Health Insurance**

*How to Use Your Health Insurance*

*How to Keep Your Marketplace Health Insurance*

*What to Do after You Buy Health Insurance in the Marketplace*

### **Understanding the Requirement to Have Health Insurance**

*Understanding the Requirement to Have Health Insurance*

*Understanding Minimum Essential Coverage*

### **Reference Charts and Graphics**

*Income Guidelines for Getting and Using Financial Assistance for Health Insurance*

*Income Guidelines for Getting Extra Financial Assistance to Pay for Health Care Costs*

*Types of Exemptions from the Requirement to Have Health Insurance*

A complete list of Families USA publications is available online at [www.FamiliesUSA.org/resources/publications](http://www.FamiliesUSA.org/resources/publications).

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