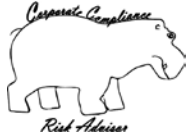


## INDIVIDUAL PENALTY EXEMPTIONS under the AFFORDABLE CARE ACT

Beginning on January 1, 2014, all individuals who lack health insurance will be assessed a penalty. Most individuals will obtain coverage through their employers' group health plan, an individual policy, or government sponsored programs like Medicare, Medicaid, or Tricare (or similar military coverage). Individuals who don't have coverage from one of these sources may be able to qualify for an individual exemption.

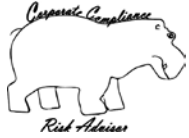
The chart below lists the individual exemptions based on regulations published on February 1, 2013, August 30, 2013, & May 27, 2014. This information is general and provided for educational purposes only; it is not legal or tax advice on eligibility for any of the listed exemptions.

Citation	Exemption	Who grants exemption	When individual may claim exemption	Special issues
26 USC §5000A(d)(2)(A) 26 CFR §1.5000A-3(a) 45 CFR §155.605(c)	Religious Conscience	HHS  (meaning the Exchange or Marketplace)	Retrospectively (after the calendar year ends) or prospectively	Member of recognized religious sect; parents claim for children; at 21 child must reapply  Don't have to be re-certified each year
26 USC §5000A(d)(2)(B) 26 CFR §1.5000A-3(b) 45 CFR §155.605(d)	Membership in a health care sharing ministry	HHS	Retrospective only because membership may vary during the year	The ministry must be a tax exempt organization under 501(a)  Eligibility determined each month
26 USC §5000A(d)(4) 26 CFR §1.5000A-3(d) 45 CFR §155.605(e)	Incarceration (after being convicted of a crime)	HHS	Retrospective only because person may be released from jail/prison early	Exempt during each month when at least one day is spent in jail/prison



## INDIVIDUAL PENALTY EXEMPTIONS under the AFFORDABLE CARE ACT

Citation	Exemption	Who grants exemption	When individual may claim exemption	Special issues
26 USC §5000A(e)(3) 26 CFR §1.5000A-3(g) 45 CFR §155.605(f)	Indian tribe membership	HHS	Retrospectively or prospectively	Don't have to be re-certified each year
26 USC §5000A(e)(5) 26 CFR §1.5000A-3(h)(2) 45 CFR §155.605(g)	Hardship: (g)(1): Financial or domestic events (natural disasters, domestic violence)  (g)(2): Unaffordable based on projected household income  (g)(4): Ineligible for Medicaid solely due to state not expanding coverage  (g)(6): Eligible for care from Indian health care provider	HHS	Prospectively or retrospectively	Individual should request exemption during the Exchange's open enrollment (so the individual can be encouraged to buy a catastrophic plan)
26 USC §5000A(e)(2) 26 CFR §1.5000A-3(f) 45 CFR §155.605(g)(3)	Individual is below tax filing threshold but files to receive a tax benefit, such as claiming a dependent & their combined income exceeds the tax filing threshold	IRS exclusively	Retrospective only, when income tax return is filed	
26 USC §5000A(e)(1) 26 CFR §1.5000A-3(e) 45 CFR §155.605(g)(5)	Unaffordable based on the individual's required contribution who lack access to affordable coverage  (Premiums would cost more than 8% of the 2014 total household income)	IRS exclusively	Retrospective only, when income tax return is filed	May use when the cost of family coverage from employer's GHP is not affordable  For this exemption only, if the individual pays



## INDIVIDUAL PENALTY EXEMPTIONS under the AFFORDABLE CARE ACT

Citation	Exemption	Who grants exemption	When individual may claim exemption	Special issues
	(Premiums would cost more than 8.05% of 2015 total household income)			premium through a salary reduction arrangement (such as a cafeteria or §125 plan), the household income must be increased (“grossed up”) to include these pre-tax contributions when calculating the %.
26 USC §5000A(e)(4) 26 CFR §1.5000A-3(j)	Short coverage gaps	IRS exclusively	Retrospective only, when income tax return is filed	No health coverage for 3 consecutive months maximum
26 USC §5000A(d)(3) 26 CFR §1.5000A-3(c)	Individual not lawfully present	IRS exclusively	Retrospective only, when income tax return is filed	IRS is to provide more guidance on this

Do you have questions about the information in this paper? Would you like to know more about this important topic?

Contact the author at [norma.shirk@complianceriskadvisor.com](mailto:norma.shirk@complianceriskadvisor.com).