

Crown Services, Inc.

Frequently Asked Questions

Health Care Reform law is intended to ensure that all Americans have access to health insurance coverage. Here are some questions and answers to help you understand Health Care Reform and what it means to you.

DO I HAVE TO HAVE HEALTH INSURANCE COVERAGE?

According to federal law, beginning in 2014 U.S. citizens and lawful residents are required to have a basic level of health coverage for themselves and their dependents or they will pay a penalty (see below). You can avoid the penalty if you have basic health care coverage offered through:

- A government-sponsored program (e.g. Medicare, Medicaid, CHIP, TRICARE for Life, veteran's health care program, or the health plan for Peace Corps volunteers)
- An eligible employer-sponsored plan [such as your employer's health plan]
- A state's individual health plan, or
- Other approved coverage

WHAT ARE THE CONSEQUENCES FOR NOT HAVING COVERAGE?

Generally speaking, beginning in January 2014, individuals who do not have qualifying health care coverage will pay a tax penalty consisting of the greater of:

- A set dollar amount for each individual, spouse or dependent who is without coverage (the amount for individuals ages 18 or younger is half of the amount) — up to a maximum of three times the amount per family, or
- A percentage of household income (after exemptions and standard deductions) over the set level of income required for income tax return filing.

TAX PENALTY

According to federal law, individuals who do not have qualifying health care coverage will pay a tax penalty consisting of the greater of a set dollar amount or a percentage of household income. The tax penalty for not having health care coverage begins in 2014 and increases in 2015 and 2016.

Following 2016, the flat dollar penalty will be indexed for inflation and the percentage of income will remain at 2.5 percent.

Year	Flat Dollar Penalty	Family Maximum	Percentage of Income
2014	\$95	\$285	1.0%
2015	\$325	\$975	2.0%
2016	\$695	\$2,085	2.5%

HOW DO I DETERMINE THE MONTHLY PENALTY IF I DON'T HAVE QUALIFYING COVERAGE?

If you do not have qualifying coverage, the annual penalty may be divided by 12 to determine the penalty for each month you do not have coverage. The first penalties are due when you file your 2014 tax returns in 2015. The IRS provides additional information on the tax penalty requirements. We recommend that you consult with a tax adviser.

HOW DO I DETERMINE IF I AM ELIGIBLE FOR MEDICAID OR MEDICARE?

Please visit <http://www.medicaid.gov/> to determine your eligibility.

WHY IS MY EMPLOYER AUTO ENROLLING EMPLOYEES INTO MINIMUM ESSENTIAL COVERAGE?

A key part of the law requires employers to offer employees coverage and provide documentation to support this.

- Your employer is offering this plan as qualifying insurance for the individual mandate to help you avoid any tax penalties.
- Employers must offer Minimum Essential coverage to be compliant with health care reform as well.
- You have the ability to opt out of this coverage if you have other qualifying coverage or choose to pay the penalties.