



2019.20 Training

Subject: Affordable Care Act | Talking Points

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In 2018, like past years since the ACA was passed, if you did not have health insurance coverage or qualify for an exemption, you will be required to pay a penalty on your tax return. The tax penalty is the greater of \$695 per individual (up to a maximum of \$2,085 per family) or 2.5% of your household income, less your filing threshold amount. However, beginning in 2019, tax reform has reduced the penalty to zero.

Exemptions from the ACA Tax Penalty

All taxpayers are required to have health insurance, but there are many exemptions to help those without insurance. So, do you qualify for an exemption from the ACA tax penalty? Exemptions are available based on a number of circumstances, including low income, membership in certain groups, legal status, and certain hardships.

Low-Income Exemptions

If your income was so low that you did not need to file a tax return, you are automatically exempt from the ACA tax penalty, even if you file a return to claim a refund or your income is below minimum filing requirements and you have to file based on certain situations such as you are self-employed or you took money out of a retirement account and you are under 59 ½.

In addition, you can get an exemption if the cost of health insurance coverage is more than 8.05% of your annual household income.

Membership Exemptions

Members of certain protected groups, both ethnic and religious, qualify for an exemption.

- Members of all recognized Native American and Alaska Native tribes and anyone eligible to receive care from the Federal Indian Health Service
- Members of healthcare-sharing religious ministries, where members pledge to pay each other's medical bills
- Members of federally recognized religious groups that object to all forms of insurance, not just health care insurance.

Legal Status Exemptions

If you are not "lawfully present" in the United States or if you are incarcerated, you qualify for an exemption.

- Not "lawfully present" includes US citizens living abroad and a certain type of non-citizen.
- Incarceration includes both being in jail awaiting trial, and prison.

Hardship Exemptions

It can be hard to afford health insurance coverage in some cases and the government recognizes that fact so a "hardship exemption" was included in the ACA. While these are not permanent exemptions, they were designed to last until you are able to reasonably afford health care coverage. Here are some things that might qualify you for an exemption:

- Homelessness
- Eviction from your home or foreclosure
- Fire, flood, or other disaster causing major damage to your home
- Bankruptcy
- Death of a family member
- High debt from medical bills
- Expensive care for a sick, disabled or aging relative

These are only a few examples as there are many more qualifiers that may exempt you from the ACA penalty. The government decides on each applicant for an exemption based on their specific situation, so make sure you include all important details. If approved, you will receive a hardship exemption number to include on your tax return to reduce or remove the penalty.