

## **Affordable Health Care Act (Obama Care)**

The Affordable Health Care act has two main goals: One, to reduce health care costs and the cost of medical insurance for the majority of people, and two, to ensure all Americans are covered by a decent medical insurance plan.

The two goals are interdependent. One of the main reasons our health care costs are out of control is that the 40 million Americans without medical insurance use the emergency room (the most expensive option) for all their health care needs. Also, because they do not have insurance, and therefore, a care provider, they tend to put off going to the ER until their symptoms have progressed to the point where expensive and long term treatments are required. Since the uninsured are most often unable to pay for the medical care they receive in this way, those costs are recovered from those who are covered, in the form of ever increasing insurance premiums and lowered benefits. In order to remedy this ever increasing problem, **The Affordable Care Act mandates that all Americans be covered by medical insurance (which meets minimum standards set by the plan) no later than March 31, 2014. You and your family must have health care coverage, have an exemption from health care coverage, or make a payment when you file your tax return for 2014 in the spring of 2015.**

For persons eligible to be covered by Medicare, Medicaid, CHIP, TRICARE, or by their employer's qualifying plan, they must simply take advantage of that coverage. ***All others must enroll in one of the insurance plans available through the Health Insurance Marketplace at [www.coveroregon.com](http://www.coveroregon.com) or be subject to a tax penalty to be assessed on their 2014 tax return being filed in 2015.*** This penalty will increase through tax year 2016 for taxpayers who remain without coverage.

In recognition that most people without health insurance coverage cannot afford the ever increasing premiums, the ***"Premium Tax Credit"*** is available for the individuals and their families who purchase health insurance through the Marketplace, and whose household income falls between 100% and 400% of the federal poverty line. The Premium Tax Credit can be taken either as "advance credit payments" (based on information from your current tax return) or as a refundable credit on your personal income tax return the following spring.

**The Affordable Care Act is a complex, far reaching plan. L. Burdick & Associates is a licensed tax preparation and consulting firm. We are not licensed insurance providers. We are only allowed to discuss the impact of the Act on personal and business tax returns. We are not licensed insurance providers. State licensing laws prohibit us from discussing health insurance plans. For information on obtaining health insurance coverage please go to [www.coveroregon.com](http://www.coveroregon.com), [HealthCare.gov](http://HealthCare.gov), or other health insurance providers.**

## Premium Tax Credit

Income Limits- In general, individuals and families whose household income for the year is between 100 percent and 400 percent of the federal poverty line for their family size may be eligible for the premium tax credit as a nod toward the idea that they may not be able to afford the premium payments.

- \$11490 (100%) up to \$45960 (400%) for one individual
- \$15510 (100%) up to \$62040 (400%) for a family of two
- \$23550 (100%) up to \$94200 (400%) for a family of four

## What Happens if You Do Not Have Health Care Coverage

The penalty will be calculated on your 2014 return in the beginning of 2015. The penalty is calculated in one of two ways. You will pay whichever of these amounts is higher.

- 1% of your yearly household income. The maximum penalty is the national average yearly premium for a bronze plan.
- \$95 per person for the year (\$47.50) per child under age 18). The maximum penalty per family using this method is \$285

The fee increases every year. In 2015 it is 2% of income or \$325 per person. In 2016 and later years it is 2.5% of income or \$695 per person. After that it is adjusted for inflation.