



Keeping up with Health Care Reform

Individual Shared Responsibility

Individuals must be enrolled in a health plan that provides minimum essential coverage.

A key provision under the Patient Protection and Affordable Care Act (Health Care Reform aka ACA), effective January 1, 2014, requires all individuals to be enrolled in a health plan that provides minimum essential coverage.

The Supreme Court ruling in June 2012 that this provision is constitutional was critical to the implementation of many other Health Care Reform provisions.

Under the ACA, an individual can satisfy the mandate of being enrolled in minimum essential health coverage by:

- Purchasing an insured individual health plan that satisfies the related

provisions for cost-sharing limits, minimum value and essential health benefits directly from the insurer, through a private exchange or from the Health Insurance Marketplace; or

- Being enrolled in an employer's group health plan; or
- Being enrolled in governmental health plans such as Medicare, Medicaid and Tricare

By requiring that all individuals are enrolled in minimum essential health coverage, the regulators believe that individuals who would normally not have coverage (are uninsured) will now

have coverage available and by having that coverage available will help to keep health care costs down for everyone by reducing the costs borne by those with coverage to pay for those that have no coverage.

The Act contains a tax penalty applicable to individuals who can afford to be enrolled in coverage who do not enroll. In addition, the Act provides a premium tax credit or cost-sharing reduction for individuals with low incomes who purchase individual Marketplace-based coverage as an incentive to become enrolled and stay enrolled. Finally, the Act contains a tax penalty for large employers with 50 or more full time equivalent employees (commonly referred to as the Play-or-Pay provision) as a means of generating off-setting revenue to provide the premium tax credit or cost-sharing reduction to some individuals.

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