

Health Insurance Exchange

The new health care law creates state insurance exchanges, a marketplace where uninsured individuals and small businesses can go to compare and shop for affordable high-quality insurance coverage. In addition to state exchanges, the U.S. Office of Personnel Management, which administers the Federal Employees Health Benefit Plan, is required to contract with private insurers and create two multi-state plans in each exchange, including one that is run by a non-profit entity. The exchange would allow individuals and small firms to obtain information, compare and purchase private insurance plans.

Tax Credits for Individuals

Beginning in 2014, uninsured individuals will be required to purchase insurance on the exchange. However, tax credits will be provided for those with incomes up 400% of the federal poverty level (\$43,320 for an individual and \$88,200 for a family of four).

Individual Responsibility

Individuals who do not purchase insurance will be required to pay a penalty beginning in 2014 of \$95, which will go up to \$695 for individuals in 2016 and up to a maximum of \$2085 per family or 2.5% of the household income by 2016, whichever is greater. The law exempts incomes below the filing threshold (in 2009 the threshold for taxpayers age 65 and older was \$10,750 for singles and \$19,800 for couples) and provides exemptions for a number of categories, including religious objections and if the lowest cost plan option exceed 8% of an individual's income.

Small Business and Tax Credit

Small business with 100 or fewer employees can purchase insurance from an exchange. Small business with 25 or fewer employees and annual wages of less than \$50,000 will be eligible for federal subsidies. These businesses can qualify to receive up to a 50% subsidy for the employer's share of the costs.

Employer Responsibility

Employers are not mandated to provide insurance for their employees; however, employers with more than 50 employees will be assessed a fee of \$2,000 per full-time employee (excluding the first 30 employees) if they do not offer coverage and at least one of their employee receives a subsidy through the exchange. For more information about the state insurance exchange in the new insurance law, please go to: <http://bit.ly/cjVSe6>.