

Health Care Inflation Adjusted Amounts

Cross References

- Rev. Proc. 2017-36
- Rev. Proc. 2016-24
- Rev. Proc. 2014-62

A number of tax provisions under the Affordable Care Act (ACA) are adjusted each year for inflation. The IRS recently released the inflation adjusted amounts for the 2018 tax year. The following charts compare the 2018 inflation adjusted amounts with prior year amounts.

Applicable Percentages – Premium Tax Credit						
Tax Years Beginning in:	2018		2017		2016	
	<i>Initial %</i>	<i>Final %</i>	<i>Initial %</i>	<i>Final %</i>	<i>Initial %</i>	<i>Final %</i>
<i>Household income percentage of Federal poverty line:</i>						
Less than 133%	2.01%	2.01%	2.04%	2.04%	2.03%	2.03%
At least 133% but less than 150%	3.02%	4.03%	3.06%	4.08%	3.05%	4.07%
At least 150% but less than 200%	4.03%	6.34%	4.08%	6.43%	4.07%	6.41%
At least 200% but less than 250%	6.34%	8.10%	6.43%	8.21%	6.41%	8.18%
At least 250% but less than 300%	8.10%	9.56%	8.21%	9.69%	8.18%	9.66%
At least 300% but not more than 400%	9.56%	9.56%	9.69%	9.69%	9.66%	9.66%

Note: The detailed applicable percentage table used for purposes of Form 8962, *Premium Tax Credit (PTC)*, is found in the Form 8962 instructions for each year. For example, for tax year 2016, if household income as a percentage of the federal poverty line is 230% (line 5 of Form 8962), then the applicable figure entered on line 7 of Form 8962 is 7.47%.

Required Contribution Percentage

Generally, if an employee is offered minimum essential coverage in the group market, including employer-provided health insurance coverage, the individual is ineligible for the Premium Tax Credit.

If an employee is offered unaffordable coverage by his or her employer, or the plan's share of provided benefits is less than 60%, the employee may be eligible for the Premium Tax Credit, but only if the employee declines to enroll in the coverage and satisfies the conditions for receiving a credit through an exchange. Unaffordable is defined as coverage with a premium required to be paid by the employee that is 9.5% or more of the employee's household income, based on self-only coverage. [IRC §36B(c)(2)(C)(i)(II)]

Health Care Inflation Adjusted Amounts continued

The 9.5% amount is adjusted each year for inflation. The following chart provides the inflation adjusted amounts for 2016 through 2018:

<i>For plan years beginning in:</i>	<i>2018</i>	<i>2017</i>	<i>2016</i>
The required contribution percentage is:	9.56%	9.69%	9.66%

Non-Affordable Insurance

A taxpayer may be subject to a penalty for not maintaining minimum essential health insurance coverage. Individuals are exempt from this requirement if the lowest cost bronze plan in the local exchange exceeds 8% of household income. [IRC §5000A(e)(1)(A)]

The 8% amount is adjusted each year for inflation. The following chart provides the inflation adjusted amounts for 2016 through 2018:

<i>For plan years beginning in:</i>	<i>2018</i>	<i>2017</i>	<i>2016</i>
The percentage of household income that makes insurance non-affordable is:	8.05%	8.16%	8.13%