

OBAMA HEALTH CARE

Obama Health Care is a very confusing and complex law which will affect many taxpayers. Speakers at the seminars have told us that the law continues to change daily so here is a brief explanation as to what we know under the proposed law today.

Everyone is expected to have medical coverage by January 1, 2014. Under the law, they must maintain minimum essential coverage. Minimum essential coverage includes government-sponsored programs, eligible employer-sponsored plans, plans in the individual market, grandfathered group health plans, and other coverage as recognized by the Secretary of HHS in coordination with the Secretary of the Treasury. Government-sponsored programs include Medicare, Medicaid, and Children's Health Insurance Program, coverage for members of the U.S. military, veterans' health care, and health care for Peace Corps volunteers.

If you fail to maintain minimum essential coverage, you will be subject to a penalty. The amount of the penalty is phased in from 2014 thru 2016.

When you file your 2014 tax return in 2015 taxpayers will have to report on their tax returns that they have insurance. If no insurance the penalty will be computed and added as a tax on your tax return. We don't have any other information on this as of yet. IRS hasn't written any guidance. We have been told at our last tax seminar that a form 1099A will be issued to all individuals who have health insurance.

The following are the penalty amounts:

2014 penalty is \$95.00 per adult and \$47.50 per child under 18, or 1% of household income, whichever is higher.

2015 penalty is \$395.00 per adult and 1/2 for child under 18, or 2% of household income, whichever is higher.

2016 penalty is \$695.00 per adult and 1/2 per child under 18 or 2.5% of household income, whichever is higher.

Penalties keep increasing after 2016.

You can get an exemption to the penalty if:

Your religion prevents you from accepting insurance benefits.

You're part of a health care sharing ministry.

You are a member of a federally recognized Indian tribe.

You lack insurance for less than three months in a row.

You have suffered a certified hardship.

You can't afford coverage because you'd have to pay more than 8% of your household income for coverage.

You are behind bars.

You are not a U.S. national or an alien lawfully present in the U.S.

For this year, taxpayers will have until March 31, 2014 to secure health insurance and avoid paying a penalty.