

Pursuant to G.L. c. 111M, § 2, the Department of Revenue is releasing for public comment the penalty schedule for individuals who fail to comply in 2008 with the requirements under the Massachusetts Health Care Reform Act.

Please email written comments to the Department of Revenue's Rulings & Regulations Bureau at RulesandRegs@dor.state.ma.us by January 15, 2008.



Working Draft
Personal Income Tax
Technical Information Release 07-18

Massachusetts
Department of
Revenue

Individual Mandate Penalties for Tax Year 2008

Pursuant to G.L. c. 111M, § 2, the Department of Revenue is issuing this Technical Information Release to announce the penalty schedule for individuals who fail to comply in 2008 with the requirements under the Massachusetts Health Care Reform Act (the Act). See St. 2006, c. 58, as amended. The Act requires most adults 18 and over with access to affordable health insurance to obtain it. In 2008, individuals who are deemed able to afford health insurance but fail to comply are subject to penalties for each month that they are uninsured in the tax year. The penalties, which will be imposed through the individual's personal income tax return, shall not exceed 50% of the minimum monthly insurance premium for which an individual would have qualified through the Commonwealth Health Insurance Connector Authority (the Connector).

These penalties apply *only* to adults who are deemed able to afford health insurance. On an annual basis, the Connector establishes separate standards that determine whether individuals, married couples and families can afford health insurance, based on their incomes and affordable health insurance premiums. Those who are not deemed able to afford health insurance pursuant to these standards will not be penalized. Individuals also have the opportunity to file appeals with the Connector asserting that hardship prevented them from purchasing health insurance (and thus that they should not be subject to tax penalties).

For 2008:

- Individuals with incomes up to 150% of the Federal Poverty Level are not subject to any penalty for failure to purchase health insurance, as those at this income level are not required to pay an enrollee premium for Commonwealth Care health insurance.
- Penalties for individuals with incomes from 150 to 300% of the Federal Poverty Level will be half of the lowest priced Commonwealth Care enrollee premiums for which an individual would have qualified, depending on his or her income.
- Penalties for individuals with incomes more than 300% of the Federal Poverty Level will be:
 - Half of the lowest priced Commonwealth Choice Young Adult Plan premium (without prescription drug coverage) for individuals up to age 26.

- Half the lowest priced Commonwealth Choice Bronze premium (without prescription drug coverage) for those 27 and above.
- Penalty rates are based on the Commonwealth Health Insurance Connector's plan prices as of January 2008.
- Penalties for married couples without health insurance (with or without children) will equal the sum of individual penalties for each spouse.

Penalties for 2008					
Individual Income Category*	150-200 % FPL	200-250% FPL	250-300% FPL	Above 300% FPL Age 18-26	Above 300% FPL Age 27+
Penalty	\$17.50/month \$210/year	\$35/month \$420/year	\$52.50/month \$630/year	\$56/month \$672/year	\$76/month \$912/year

* Compare individual's annual family household income to chart immediately below to determine applicable Federal Poverty Level (FPL).

Federal Poverty Level – Annual Income Standards

Family Size	150% FPL	200 % FPL	250 % FPL	300 % FPL
1	\$15,324	\$20,424	\$25,536	\$30,636
2	\$20,544	\$27,384	\$34,236	\$41,076
3	\$25,764	\$34,344	\$42,936	\$51,516
4	\$30,984	\$41,304	\$51,636	\$61,956
5	\$36,204	\$48,264	\$60,336	\$72,396
6	\$41,424	\$55,224	\$69,036	\$82,836
7	\$46,644	\$62,184	\$77,736	\$93,276
8	\$51,864	\$69,144	\$86,436	\$103,716
For each additional person add	+\$5,220	+\$6,960	+\$8,700	+10,440

This Schedule will be adjusted when the federal government updates the Federal Poverty Level standards in early 2008.