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The Department of Health and Human Services has announced the Federal Poverty Line (“FPL”) amounts, as indexed for 2014.

Why is this Important?

Beginning in 2015, large employers may be subject to the employer penalty under the Affordable Care Act if they do not offer affordable, minimum value coverage to all full-time employees and at least one full-time employee receives a subsidy in the Exchange. The FPL is relevant to the affordability of the coverage, as well as the eligibility for a subsidy.

Regarding affordability, coverage is considered to be affordable if an employee’s required contribution does not exceed 9.5% of the employee’s household income. The IRS recognized that an employee’s household income is not readily accessible by employers and confirmed a safe harbor that would allow employers to use the W-2 wages of an employee to determine whether coverage is affordable. For affordability purposes, a large employer satisfies the FPL safe harbor with respect to an employee for a calendar month if

the employee’s required contribution for the large employer’s lowest cost self-only coverage that provides minimum value does not exceed 9.5% of a monthly amount determined as the FPL for a single individual for the applicable calendar year, divided by 12. For example, based on the 2014 levels (see below), for affordability safe harbor purposes, the applicable FPL is the FPL for the state in which the employee is employed. The FPL is \$11,670 for a single individual for every state (and Washington D.C.) except Alaska or Hawaii. So, if the employee’s required contribution for the calendar month for the lowest cost self-only coverage that provides minimum value is \$92.39 (9.5% of \$11,670/12) or less, the employer meets the FPL safe harbor.

Regarding eligibility for a subsidy, an individual is only eligible for a subsidy in the Exchange if s/he is within 100-400% of the FPL and is not offered affordable, minimum value group coverage. For subsidy eligibility purposes, for 2014, the applicable FPL is the FPL for the state in which the employee resides. 100-400% of the FPL is \$11,670-\$46,880 for a single individual and \$23,850-\$95,400 for a family of four for every state (and Washington D.C.), except Alaska or Hawaii.

Indexed Amounts

Below are the 2014 HHS poverty guidelines:

2014 Poverty Guidelines For The 48 Contiguous States And The District Of Columbia

Persons In Family/Household	Poverty Guideline
1	\$11,670
2	\$15,730
3	\$19,790
4	\$23,850
5	\$27,910
6	\$31,970
7	\$36,030
8	\$40,090

For families/households with more than 8 persons, add \$4,060 for each additional person.

2014 Poverty Guidelines For Alaska

Persons in Family/Household	Poverty Guideline
1	\$14,580
2	\$19,660
3	\$24,740
4	\$29,820
5	\$34,900
6	\$39,980
7	\$45,060
8	\$50,140

For families/households with more than 8 persons, add \$5,080 for each additional person.

2014 Poverty Guidelines For Hawaii

Persons In Family/Household	Poverty Guideline
1	\$13,420
2	\$18,090
3	\$22,760
4	\$27,430
5	\$32,100
6	\$36,770
7	\$41,440
8	\$46,110

For families/households with more than 8 persons, add \$4,670 for each additional person.

