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The Department of Health and Human Services has announced the Federal Poverty Line (“FPL”) amounts, as indexed for 2015.

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 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. 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 2015 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 \$11,770 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 \$93.18 (9.5% of \$11,770/12) 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 2015, the applicable FPL is the FPL for the state in which the employee resides. 100-400% of the FPL is \$11,770-\$47,080 for a single individual and \$24,250-\$97,000 for a family of four for every state (and Washington D.C.), except Alaska or Hawaii.

Below are the 2015 HHS poverty guidelines:

2015 Poverty Guidelines for the 48 Contiguous States and the District of Columbia	
Persons in family/household	Poverty guideline
1	\$11,770
2	\$15,930
3	\$20,090
4	\$24,250
5	\$28,410
6	\$32,570
7	\$36,730
8	\$40,890
For families/households with more than 8 persons, add \$4,160 for each additional person.	

2015 Poverty Guidelines for Alaska	
Persons in family/household	Poverty guideline
1	\$14,720
2	\$19,920
3	\$25,120
4	\$30,320
5	\$35,520
6	\$40,720
7	\$45,920
8	\$51,120
For families/households with more than 8 persons, add \$5,200 for each additional person.	

2015 Poverty Guidelines for Hawaii	
Persons in family/household	Poverty guideline
1	\$13,550
2	\$18,330
3	\$23,110
4	\$27,890
5	\$32,670
6	\$37,450
7	\$42,230
8	\$47,010
For families/households with more than 8 persons, add \$4,780 for each additional person.	

Final regulations specify that employers are permitted to use the guidelines in effect 6 months prior to the beginning of the plan year, in order to provide employers with adequate time to establish premium amounts in advance of the plan's open enrollment period.