



# FEDERATION OF AMERICAN CONSUMERS AND TRAVELERS - NEWS RELEASE -

FOR IMMEDIATE RELEASE

## Understanding the New Health Insurance Law's 'Individual Mandate'

EDWARDSVILLE, IL, April 30, 2010 - The Federation of American Consumers and Travelers (FACT) has reportedly received many inquiries from its members about the "individual mandate" included in recently passed health insurance legislation.

Vicki Rolens, managing director of FACT, says "There is understandably a lot of confusion concerning this particular requirement. The average consumer doesn't really understand what it means to him or her, so FACT is issuing a special bulletin which will hopefully clarify matters."

Rolens says it is true that the new law requires U.S. citizens and legal residents to have "qualifying health coverage" after 2013 or be subject to a tax penalty.

The penalty ultimately will be the greater of: \$695 per year up to a maximum of \$2,085 per family, or 2.5% of household income over the threshold amount of income required for income tax return filing. (In 2010, the threshold amount is \$9,350 for single taxpayers under 65 and \$18,700 for couples.)

The penalty will be phased in as follows: \$95, or 1% of income above the threshold, in 2014; \$325, or 2% of income above the threshold, in 2015; \$695, or 2.5% of taxable income, in 2016. After 2016, the penalty will be increased annually by a cost-of-living adjustment.

"There will be a number of persons who won't be affected by the mandate," says Rolens. "Exemption will be granted for financial hardship, religious objections, American Indians, persons without coverage for less than three months, aliens not lawfully present in the U.S., incarcerated individuals, persons for whom the lowest cost plan option exceeds 8% of household income, and persons with incomes below the tax filing threshold."

Rolens says that FACT plans to analyze other provisions of the health insurance legislation, and to explain them in future bulletins.

"FACT isn't in the business of offering tax or financial advice," Rolens added, "and we hope everyone checks with his or her own professional advisor or planner in order to fully understand and be ready for the new legislation's many implications."

-----

This news release has been issued by the Federation of American Consumers and Travelers (FACT), a consumer organization formed under the not-for-profit corporation laws of the District of Columbia in 1984. FACT serves more than 1 million consumers nationwide. Additional information on FACT may be found in the Encyclopedia of Associations, and by visiting the association's Web site ([www.usafact.org](http://www.usafact.org)). Informative, unbiased news bulletins are regularly disseminated by FACT to help its members remain current on matters which might seriously impact their lives. The association does not offer support to -- and does not receive support from -- any political party or movement. In addition to publishing consumer-related reports, the association provides more than 30 benefits for its members, ranging from medical insurance and dental discounts to prescription drug savings and scholarships. FACT's administrative office is located at 318 Hillsboro Avenue, Edwardsville, IL 62025

FACTnewsreleasesconsumerhotlinemedicalinsurancedentalcaresdiscountsprescriptiondrugsavingshealthinsurancereform