

Minimum essential coverage (the individual mandate)

What is it?

Minimum Essential Coverage (MEC) describes the kind of health insurance coverage that adults and children in the U.S. must maintain to avoid the individual shared responsibility penalty under the Affordable Care Act (ACA), often referred to as the “individual mandate.”

The penalty for noncompliance is generally the greater of:

- For 2014, \$95 per uninsured adult and \$47.50 per child (up to \$285 per family), or 1 percent of household income over the applicable income tax filing threshold.
- For 2015, \$325 per uninsured adult and \$162.50 per child (up to \$975 per family), or 2 percent of household income over the applicable income tax filing threshold.
- For 2016, 2017 and 2018, \$695 per uninsured adult and \$347.50 per child (up to \$2,085 per family), or 2.5 percent of household income over the applicable income tax filing threshold.
- For the 2019 tax year, the penalty is reduced to \$0, based on a tax bill that eliminates the penalty for individuals without insurance, signed into law by the President in Dec. 2017.

What does it mean for you?

You may receive some questions from employees about MEC and if their employer-sponsored coverage meets the criteria. Summaries of Benefits and Coverage (SBCs) will list whether or not an employer’s plan meets MEC. All HealthPartners medical plans meet MEC.

What qualifies as Minimum Essential Coverage (MEC)?

- Employer-sponsored plans
- Government-sponsored plans such as Medicare or Medicaid
- Plans purchased in the individual market
- Grandfathered health plans
- Any other health benefits coverage recognized by the Secretary of Health & Human Services
- Final rules were released by the Internal Revenue Service (IRS) on Nov. 21, 2014
- Rules were effective Nov. 26, 2014

Q&As

What are some examples of plans that don't qualify as MEC?

Some examples include coverage only for vision or dental care, workers' compensation, coverage only for a specific disease or condition and plans that offer only discounts on medical services. Short term individual plans do not qualify.

Are there any exemptions?

Yes. Exemptions may be granted for a variety of reasons; including, people who are not lawfully present in the U.S., Individuals who are incarcerated, not required to file a tax return and those who object on the basis of religious conscience. Exemption certificates are granted by the Health Insurance marketplaces (exchanges).

Some hardship exceptions may be claimed on a federal income tax return without obtaining a certification. A list of these is located on [irs.gov](https://www.irs.gov) under notice 2014-76, 2014-50IRB.

Are Essential Health Benefits (EHBs) and MEC the same thing?

No. EHBs are rules for insurance carriers about what their individual and small group plans must offer, while MEC rules tell consumers what type of insurance coverage will allow them to meet the ACA individual mandate.

Is MEC related to minimum value?

MEC and minimum value are both related to the employer shared responsibility rules for large employers (also known as the "pay or play" penalty).

- An employer can avoid the penalty charged on all employees by offering MEC to 95 percent or more of its full-time employees.
- Minimum value relates to the Actuarial Value (AV) of large employer sponsored plans that must be met, along with affordability requirements, in order to avoid the penalty charged for employees who obtain a premium credit or cost sharing subsidy on public exchanges.

MORE INFORMATION

To learn more, visit healthpartners.com/employer.

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