Consumers who cannot afford to buy major medical coverage, or simply do not want to do so, can apply for exemptions from the new "individual shared responsibility payment" requirements.

Officials at the Centers for Medicare & Medicaid Services explain the Patient Protection and Affordable Care Act individual mandate exemption process in a guide aimed at "in-person assisters" -- people who help consumers sign up for public exchange plan coverage and use the coverage.

PPACA requires many people with incomes over a certain level to have "minimum essential coverage" or else pay a penalty for each month in which they lack MEC.

In practice, for 2014, most of the affected people who earn enough to be subject to the penalty will pay an amount equal to 1 percent of income, ranging from a minimum of $95 per adult and $47.50 per child for the full year, according to the Tax Policy Center.

The 2014 annual maximum penalty will be $3,600 (the national average cost of bronze-level exchange coverage) per affected adult and $1,900 per affected child.

PPACA caps the penalty for large families.

PPACA indexes the penalty amounts for inflation.

In 2016, the annual minimum will rise to $695 per adult and $347.50 per child. The maximum will rise to $4,045 per adult and to $2,135 per child.

In 2014, a single, uninsured, childless adult with an income of $60,000 might owe a penalty of $499. A single, childless adult with an income of $375,000 might owe the $3,600 2014 maximum penalty.

In the guide, CMS officials list the many types of penalty exemptions included in PPACA, such as exemptions for members of federally recognized Native American tribes; exemptions for people who have short gaps in coverage; and people who cannot find coverage that meets federal affordability standards.

 Officials also describe a more flexible kind of penalty exemption: A "hardship exemption" for people who face many different types of hardship events.

The officials describe 14 types of circumstances that could qualify a taxpayer for a hardship exemption. These include some relatively rare circumstances, such as having filed for bankruptcy in the last six months, or having recently suffered domestic violence.
The circumstances also include recently experiencing the death of a close family member, having received a shut-off notice from a utility company, having an inability to pay medical expenses in the last 24 months, or experiencing increased expenses as the result of a need to care for an ill, disabled or aging family member.

Consumers in states with exchanges run by the parent of CMS, the U.S. Department of Health and Human Services, fill out one kind of affordability exemption application, and consumers in states with state-based exchanges fill out applications from their state-based exchanges.

Consumers who want to apply for other types of exemptions have to use other types of forms. In some cases -- in situations, for example, involving consumers applying for exemptions because their states did not expand eligibility for Medicaid -- consumers can apply for exemptions without filling out any extra forms.

At the HHS exchanges, "there are no online or telephone exemption applications at this time," CMS officials say in the guide.

HHS exchange consumers are supposed to mail exemption applications to an office in London, Ky.

"Missing information may delay processing, because applications can't be processed until documentation is received," officials say.

Consumers should copy the original versions of any documents sent and also keep proof of mailing, officials say.

Source: LifeHealth Pro, May 2015