



Published: February 8, 2016

# 2016 Federal Poverty Guidelines

Ed MacConnell | Total Benefit Solutions Inc. | (215) 355-2121 | edmac@totalbenefits.net



## Background

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 Federal Poverty Line (“FPL”) is relevant to this penalty in two ways:

- 1. Affordability Safe Harbor:** 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% (as indexed) of a monthly amount determined as the FPL for a single individual for the applicable calendar year, divided by 12.
- 2. Subsidy Eligibility:** An individual is only eligible for a subsidy in the Exchange if he or she is within 100-400% of the FPL and is not offered affordable, minimum value group coverage.

## Indexed Amounts

The following are the 2016 HHS poverty guidelines:

2016 POVERTY GUIDELINES FOR THE 48 CONTIGUOUS STATES AND THE DISTRICT OF COLUMBIA	
Persons in family/household	Poverty guideline
1	\$11,880
2	\$16,020
3	\$20,160
4	\$24,300
5	\$28,440
6	\$32,580
7	\$36,730
8	\$40,890

For families/households with more than 8 persons, add \$4,160 for each additional person.

2016 POVERTY GUIDELINES FOR ALASKA	
Persons in family/household	Poverty guideline
1	\$14,840
2	\$20,020
3	\$25,200
4	\$30,380
5	\$35,560
6	\$40,740
7	\$45,920
8	\$51,120

For families/households with more than 8 persons, add \$5,200 for each additional person.

2016 POVERTY GUIDELINES FOR HAWAII	
Persons in family/household	Poverty guideline
1	\$13,670
2	\$18,430
3	\$23,190
4	\$27,950
5	\$32,710
6	\$37,470
7	\$42,230
8	\$47,010

For families/households with more than 8 persons, add \$4,780 for each additional person.

## Affordability Safe Harbor and Subsidy Eligibility 2016 Results

So as to provide employers with adequate time to establish premium amounts in advance of the plan's open enrollment period, a plan can use any of the poverty guidelines in effect within 6 months before the first day of the plan year. These new thresholds were announced in January 2016.

Based on 2016 levels:

1. For affordability safe harbor purposes, the applicable FPL is the FPL for the state in which the employee is employed. The FPL is \$11,880 for a single individual for every state (and Washington D.C.) except Alaska<sup>3</sup> 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 \$95.63 (9.66% of \$11,880/12) or less, the employer meets the FPL safe harbor.
2. For subsidy eligibility purposes, the applicable FPL is the FPL for the state in which the employee resides. 100 – 400% of the FPL is \$11,880 - \$47,520 for a single individual and \$24,300 - \$97,200 for a family of four for every state (and Washington D.C.), except Alaska or Hawaii.