



California follows New Jersey with Individual Insurance Mandate

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Effective January 1, 2020, CA residents must maintain qualifying health insurance coverage throughout the year to avoid paying a tax penalty.

The penalty will be based on both income and household size for each month without coverage, with exceptions for residents whose health care costs exceed a percentage of their income. In some cases, financial assistance will be available through Covered California.

Most people currently qualify with employer-sponsored plans, coverage via Covered California or directly from insurance carriers like Medicare and Medicaid.

To prepare for the mandate, California employers – and any US employers with employees in California – should ensure they have appropriate plans in place for their employees.

The state of California is just one of those states working to reduce the number of uninsured families with the adoption of their own individual health care [mandate](#). The implications of the mandates reach all employers across the country as more states line up to implement their own version of the mandate.

On May 30, 2018, Governor Phil Murphy [signed the bill](#) stating New Jersey residents are required to have health insurance or pay a tax penalty as of January 1, 2019. The New Jersey Health Insurance Market Preservation Act, S.1877 mirrors the Individual Shared Responsibility provisions of the federal Affordable Care Act (ACA).

The ACA Individual Mandate has required since 2014, individuals obtain Minimum Essential Coverage (MEC) or face a tax penalty. Since 2018, individuals, or their dependents, without MEC have been required to pay either \$695 or 2.5% of their income, whichever is greater.

New Jersey designed their Individual Mandate Law to impose a tax penalty on residents nearly identical to the ACA's individual mandate to avoid driving healthier residents out of state. The tax revenue has been paid into a state reinsurance program meant to offer affordable health insurance coverage to low income residents.

Though Massachusetts is technically the first state to have an individual mandate (2006), New Jersey was the first state to sign this bill to law after the Federal ACA was implemented. More state governments continue to take notice.

Stay ahead of the curve with Compass Total Benefit Solutions. Compass offers affordable solutions to companies seeking to comply with the PPACA. Compass products are ideal for \$8 - 20 per hour full/part-time employees, seasonal and 1099 staff throughout the nation.

Compass MEC plans exceed the requirements employers/employees are currently required to meet under Penalty A of the PPACA. Plans are Section 125 self-funded plans, but act like fully-insured plans.

For more information on benefit solutions that satisfy these mandates for your employees follow the links below.

https://www.ahcancal.org/about_ahca/Pages/ContactUs.aspx

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