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Options Exist For Employees Who Do Not Like Their Employers' Health Insurance Coverage

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What can an employee who gets employer-sponsored coverage at work and the health insurance marketplace is up and running, can these employees obtain coverage on an exchange? Can they go without insurance altogether and just pay the insurance?

Most people can buy health insurance via the state exchanges, starting with an income up to 400 percent of the federal poverty level—might be able to qualify for coverage that is affordable. However, not everyone within this income level will qualify for coverage.

Limited availability of subsidized coverage. Individuals whose employer provides coverage but who choose to buy their insurance on an exchange, instead of through their employer, do not qualify for government subsidies, even if their income fits within the income threshold, except in certain circumstances. If the employer-provided health insurance is unaffordable, subsidized coverage might be available for employees who do not have employer-provided health insurance.

Employer-provided health insurance is considered inadequate if it does not cover the employee's allowed medical costs. The insurance is considered unaffordable if the employee's allowed medical costs exceed 9.5 percent of the employee's income.

Forego insurance totally? An employee who does not want to buy health insurance via the health insurance exchanges may choose to forego insurance altogether. The penalty is the greater of: (1) \$95; or (2) 1 percent of the employee's household income. The penalty will go up in subsequent years. In 2015, the \$95 penalty will go up again to \$695. Starting in 2017, that \$695 amount will increase for "household income" portion of the penalty will also increase in subsequent years. The employee's household income and, in it goes up to 2.5 percent of the employee's household income after 2015.

Open enrollment restarts on Nov. 15, 2014. Also keep in mind that the health insurance via the health insurance exchanges continues only through that date and needs insurance, subject to certain exceptions for people who lose enrollment rights, the next open enrollment period for the exchanges is for coverage beginning in 2015.

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