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Still uninsured? How to claim an Obamacare exemption

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The deadline for getting health insurance has come and gone, and despite all the hoopla, you didn't do anything about it.

What now?

You probably can't buy a policy now, unless you can point to a big change in your employment or family size. Private health insurance is not generally available throughout the year, insurers say, with most carriers restricting their "open enrollment" period to a few months a year.

The Affordable Care Act includes a fine of \$95 or 1 percent of income for anyone who was eligible for health insurance yet did not purchase a policy. In Washington-speak, it's called a "fee," or the "individual shared responsibility payment."

As explained by U.S. Health and Human Services Secretary Kathleen Sebelius at a recent New Jersey appearance, the fee was imposed because people who decide to forgo health insurance can sometimes end up in a hospital emergency room. Once there, they will receive "charity" care, or care the hospital is able to provide by charging all of its patients a bit more.

It's only right, then, that those people contribute a little something toward the cost of their free care, she said. The fine starts small but will grow in subsequent years.

"When someone without health coverage gets urgent — often expensive — medical care but doesn't pay the bill, everyone else ends up paying the price," states the federal website, healthcare.gov.

It is up to the IRS to ultimately collect the fine when next year's taxes are filed.

That punishment was vastly watered down as the Affordable Care Act went through Congress, noted Michael Tanner of the Cato Institute, the libertarian think tank.

Afraid of looking punitive, the law's sponsors not only included great latitude in letting people avoid the fine, he said, but also declawed the IRS in enforcing the requirement to get insured.

If you didn't buy health insurance and are owed a refund when you file your taxes next year, the federal government can collect the fine out of your refund.

But if you didn't withhold enough for your taxes and end up owing the government, the IRS has no easy way to get the additional fee from you, Tanner said. IRS regulations state the agency is prohibited from using liens or levies to collect the payments owed by the uninsured.

"There's a minimal effort to enforce it, and that's on purpose," Tanner said. "The chances of them coming after you is slim."

The new law recognizes that sometimes life doesn't go smoothly, and offers a number of ways to claim a "hardship" exemption from the fine:

- The federal website, healthcare.gov, mentions being homeless, filing for bankruptcy, being a recent victim of domestic violence, or having been evicted in the past six months, as sufficient reason to have neglected to purchase health insurance.
- One broad category of people who won't be fined is people who cannot afford coverage, even with a subsidy. This applies to people whose payment for insurance, whether purchased directly or through the federal marketplace, eats up more than 8 percent of household income.
- Another big category is people who make so little they don't need to file a tax return.
- If you're a member of a federally recognized Indian tribe, you needn't prove you've purchased a policy. The Federal Register maintains a list of federally recognized Indian tribes.
- You don't have to pay the fine if you are a member of certain religious groups. Certain denominations, such as the Amish and Mennonites, are among those that neither pay into Social Security nor receive any benefit from it. To qualify, a religion must be "conscientiously opposed to acceptance of the benefits of any private or public insurance which makes payments in the event of death, disability, old age, or retirement."

The IRS says only those religions that have been around since Dec. 31, 1950, can qualify.

- If you had only a short gap in coverage of under three months, you won't be fined, according to an explanation on the IRS website.
- If you are here illegally (and thus can't buy insurance on the federal website), you won't be charged a fine for being uninsured.

To claim the religious conscience exemption and most hardship exemptions, you must make your case on healthcare.gov. Most of the other exemptions are claimed when you fill out your income tax filing, according to the IRS.

Tanner said he expects IRS enforcement of the fee component of Obamacare to be quite light, mostly because the Obama administration didn't want to look as if they were punishing poor people.

He asked this hypothetical question to explain their political quandary: “Are they going to track down a homeless person and ask him about his health insurance?”