Penalties for Employers Not Offering Coverage Under the Affordable Care Act During 2024

Updated as of January 1, 2024

START HERE
Did the employer have at least 50 full-time equivalent employees in the previous year?

YES

NO

Does the employer offer health insurance coverage to at least 95% of its full-time workers and their dependent children?

YES

NO

Did at least one full-time employee receive a premium tax credit or cost-sharing subsidy in the federal or state Marketplace?

YES

NO

Does the insurance pay at least 60% of the covered health care expenses for a standard population (called minimum value)?

YES

NO

Do any employees have to pay more than 8.39% of their household income for the employer coverage (called affordable coverage)?

YES

NO

Penalties do not apply for employers with fewer than 50 full-time equivalent employees.

If the employer has fewer than 25 full-time equivalent employees with average annual wages of about $56,000 or less, covers at least 50% of full-time employees' premium costs, and has not received the tax credit for two consecutive years, the employer may be eligible for a health insurance tax credit to purchase coverage through the SHOP Marketplace.

The employer must pay a penalty for not offering coverage.

The penalty for each month the employer fails to offer coverage is $2,970 divided by 12, times the number of full-time employees (minus up to 30).

There is no penalty payment required of the employer.

The employer must pay a penalty for not offering coverage that is affordable and provides minimum value.

The penalty for each month is $4,460 divided by 12, for each full-time employee receiving a premium tax credit that month (up to a maximum of $2,970 divided by 12, times the number of full-time employees (minus up to 30).

* A dependent child is defined as a child of an employee who is under the age of 26. Employers do not face a penalty under the Affordable Care Act if they do not offer coverage to the spouse of a full-time employee.

** For more information on the affordability threshold please see: kff.org/family-glitch-fix