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## HHS POSTS 2019 FEDERAL POVERTY LEVELS

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Updated [guidelines](#) set the 2019 federal poverty level (FPL) at \$12,490 — up \$350 from 2018 — for a person living in the mainland US, but \$14,380 in Hawaii and \$15,600 in Alaska.

### RELEVANCE TO EMPLOYER SHARED RESPONSIBILITY

Under the Affordable Care Act (ACA), the FPL can affect employer shared-responsibility (ESR) assessments in two ways:

- *Premium tax credits.* Individuals with household incomes between 100% and 400% of the FPL are potentially eligible for premium tax credits for health coverage purchased through a public exchange. Full-time employees' receipt of subsidized exchange coverage can trigger assessments.
- *Affordability testing.* Employers can use the FPL under one ESR safe harbor to test whether their minimum essential coverage with minimum value is affordable to employees. When conducting this test, an employer may use any applicable FPL in effect within six months before the plan year starts.

### 2019 FPL AFFORDABILITY SAFE HARBORS

The Department of Health and Human Services (HHS) annually adjusts the FPL to reflect the year-to-year increase in the Consumer Price Index for All Urban Consumers. The FPL typically is published in the Federal Register, but the temporary closure of the federal government has delayed publication.

HHS issued the 2019 FPL figures on Jan. 11, so employers with calendar-year plans can't rely on the higher FPLs for 2019 affordability testing. Instead, calendar-year plan sponsors must use the 2018 FPL [amounts](#). As a result, the FPL safe-harbor monthly amounts for 2019 plans are:

- *Noncalendar-year plans beginning in 2019:* \$102.63, calculated as  $(9.86\% \times \$12,490 \text{ FPL for 2019}) \div 12$ , rounded to the nearest penny
- *2019 calendar-year plans:* \$99.75, calculated as  $(9.86\% \times \$12,140 \text{ FPL for 2018}) \div 12$ , rounded to the nearest penny

## RELATED RESOURCES

- [US Federal Poverty Guidelines Used to Determine Financial Eligibility for Certain Federal Programs — 2019 Poverty Guidelines](#) (HHS, Jan. 11, 2019)
- [Annual Update of the HHS Poverty Guidelines](#) (Federal Register, Jan. 18, 2018)

*Note: Mercer is not engaged in the practice of law, accounting or medicine. Any commentary in this article does not constitute and is not a substitute for legal, tax or medical advice. Readers of this article should consult a legal, tax or medical expert for advice on those matters.*