

National Average Premium for Bronze Level Coverage

Cross References

- Rev. Proc. 2017-48
- Rev. Proc. 2016-43
- Rev. Proc. 2015-15
- Rev. Proc. 2014-46

Beginning in 2014, non-exempt individuals are subject to a shared responsibility payment under IRC section 5000A if they fail to maintain minimum essential health insurance coverage. The shared responsibility payment is the lesser of:

- 1) The sum of the monthly penalty amounts, or
- 2) The sum of the monthly national average bronze plan premiums for the shared responsibility family.

In essence, this formula means that the monthly penalty (the shared responsibility payment) for not having health insurance can never be higher than the monthly national average cost of purchasing a bronze level health insurance plan through the health insurance exchange.

Regulations issued by the U.S. Department of Health and Human Services (HHS) provide that non-grandfathered health insurance coverage, including qualified health plans offered through Exchanges, may set individual premiums on the basis of only four factors:

- Rating area,
- Age,
- Tobacco use, and
- Family size.

A rating area is a geographic region representing all or a portion of a state that is established by the state or HHS. Rating areas are generally defined to include one or more counties. Rating areas are not necessarily drawn on the basis of county lines, but, in almost all cases, individual counties fall entirely within a single rating area. Accordingly, the monthly national average bronze plan premium is based on the bronze-level qualified health plans available to qualified residents of each county (or county equivalent) in the United States.

To limit the effect of outlier premiums, the median bronze-level premium in each county is used in computing the monthly national average premium. To account for variations in population between counties, each county's median premium is weighted based upon that county's population.

IRC section 5000A does not specify what age should be assumed in finding the national average bronze plan premium. To simplify the calculation and to help ensure that individuals subject to the penalty are generally not liable for a payment that materially exceeds the individual's actual cost of coverage, HHS regulations use the monthly premium charged to an individual who is age 21 to calculate the national average. Tobacco use is also left out of the equation for calculating the national average.

HHS regulations also limit family size to no more than the three oldest covered individuals under age 21. As few affected families have more than two adults, generally no more than five family members are counted in determining the premium for family coverage. Therefore, in determining a taxpayer's monthly national average bronze plan premium, the age-21 non-tobacco user premium is multiplied by the number of individuals in the family, up to a maximum of five.

Each year, the IRS releases a revenue procedure that contains the national average for that year. The IRS recently released the national average amount for tax year 2017. The following chart compares the 2017 national average with previous years:

Monthly National Average Bronze Plan Premium Amounts				
<i>(The monthly penalty limit for not having health insurance)</i>				
Tax Year	2017	2016	2015	2014
Monthly Average Premium per Individual	\$272	\$223	\$207	\$204
Monthly Average Premium for Family of Five or More Members	\$1,360	\$1,115	\$1,035	\$1,020