What are the new requirements regarding the purchase of health insurance or the payment of a penalty?

Health care reform requires most Americans to have health insurance beginning in 2014, or there is a monetary penalty called the individual mandate.

Unless exempt, Americans must have major medical health coverage provided by their employer or that they purchase themselves, or they must pay a fine that is the greater of a flat amount, or a percentage of income (above the tax filing threshold). The amounts are $95 or 1% of income in 2014; $325 or 2% of income in 2015; and $695 or 2.5% of income in 2016. Families will pay half the penalty amount for children under eighteen, up to a cap of $2,085 per family. After 2016, penalties are indexed to the Consumer Price Index. In no event can the penalty exceed the average national annual cost of a bronze plan purchased on an exchange

Exemptions from the individual penalty will be granted for financial hardship, religious objections, American Indians, those without coverage for fewer than three months, undocumented immigrants, incarcerated individuals, those for whom the lowest cost plan option exceeds 8 percent of an individual’s income, and those with incomes below the tax filing threshold.