



Written by [Michael Tennant](#) on February 4, 2013

Families to Pay at Least \$20,000 a Year for Insurance Under ObamaCare, Says IRS

Twenty thousand dollars. That's how much the Internal Revenue Service (IRS) estimates the least expensive health insurance plan available under ObamaCare will cost the average family in 2016.

The IRS issued a [73-page final regulation](#) on January 30 to "provide guidance on the liability for the shared responsibility payment for not maintaining minimum essential coverage." In other words, the agency was telling Americans what insurance they must have in order to avoid paying the penalty for noncompliance with the law — and what that penalty will be if they fail to comply.



Under ObamaCare, individuals not obtaining health coverage through their employers must purchase government-approved insurance on state exchanges. There will be four tiers of coverage: bronze, silver, gold, and platinum. Bronze is the lowest tier and therefore the least expensive.

Failure to purchase insurance will result in a tax penalty "capped at either the annual average Bronze premium, 2.5 percent of taxable income, or \$2,085.00 per family in 2016," according to [CNSNews.com](#).

Buried in the examples of how to calculate the penalty under different scenarios is this revelation: "The annual national average bronze plan premium for a family of 5 (2 adults, 3 children) is \$20,000." (The IRS also assumes this is the cost for a family of four.)

The median household income in the United States at the end of 2011 was [\\$50,054 and falling](#). For a family of five with that income, the cheapest health insurance available under ObamaCare will consume 40 percent of their earnings. The penalty for not having insurance will be far lower, giving these families a major incentive not to buy insurance until they need it — one of the things ObamaCare was supposed to prevent.

Even for wealthier families, the penalty will be minuscule compared to the cost of coverage. The IRS offers an example of a family consisting of two married adults with three children — ages 21, 15, and 10 — and an income of \$120,000 per year. Assuming the couple files jointly, their penalty for failing to insure even one member of their family during the previous year will be \$2,400, just 12 percent of the cost of the bronze insurance plan. Again, why not wait until insurance is needed to buy it? They can't be turned down or charged more for coverage because of pre-existing conditions, and in the meantime they can rely on federal law requiring emergency rooms to treat all patients regardless of their ability to pay.

It's worth noting that the law requires employers with 50 or more employees to offer "affordable" coverage, with "affordable" defined as costing an employee no more than 9.5 percent of his total household income. Under that definition, a family of four would have to earn \$210,527 a year for the



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Washington-approved bronze plan to be deemed affordable for them. Clearly the federal government is not holding itself to the same standards to which it holds employers.

President Barack Obama promised that his healthcare law would “bring down premiums by \$2,500 for the typical family.” [John R. Lott, Jr.](#) notes that “in 2012, the average price for insurance for a family of four was \$15,745.” If the IRS’s projections for 2016 are correct, that family’s premiums are going to increase by almost double the amount by which Obama said they would decrease.

No matter how you slice it, the Affordable Care Act is becoming less affordable every day.



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