Six million hit with Obamacare penalties for being uninsured

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An estimated six million people will have to pay a penalty under the Affordable Care Act (ACA) for not having medical insurance in 2014, according to federal tax projections released Wednesday.

Under the law, popularly known as Obamacare, individuals and families who are not insured through their employer or a government program such as Medicare or Medicaid must purchase insurance from private companies or pay a fee on their federal income taxes for each month they go without coverage.

The penalty, called an Individual Shared Responsibility Payment, is a minimum of $95 for individuals but can be one percent of family income—potentially hundreds of dollars—if a dependent is not covered. The Treasury Department figures mean that between two and four percent of all taxpayers in the United States lacked medical coverage for all or part of the year and did not qualify for one of the exemptions from the so-called individual mandate.

Another 10 to 20 percent of taxpayers—or 15 million to 30 million people—were uninsured but will qualify for an exemption. The latter includes those whose incomes are so low that even the cheapest coverage would eat up eight percent of household income—defined by the government as “unaffordable” health care—or suffer from other hardships, such as homelessness, utility shutoffs, personal bankruptcy or the death of a close family member.

The penalties are nevertheless hitting wide sections of working people who cannot afford rising health care costs under conditions of stagnating wages and precarious employment. In a section on its web site, entitled “The Tax Penalty and the $95 Myth,” tax preparer Jackson Hewitt gave the example of an unemployed, uninsured 27-year-old moving back with her parents and two younger siblings for financial reasons. Even if everyone else in the household were insured, the family would have to pay a one percent penalty if the 27-year-old child could not sign up for minimal coverage. “If this family had an income of $68,000, the annual penalty would be $477, which is more than five times the $95 minimum!”

The tax figures, which indicate that up to 36 million people are still without insurance in the US, further exposes the fraud of Obamacare, which was presented as a means of providing near-universal, affordable health care for millions of Americans.

In fact the scheme has been a boondoggle for private insurance companies who have gained a captive customer base forced to buy insurance on the ACA “marketplace.”

According to the Obama administration estimates, which were adjusted downward after initially overinflated numbers, 6.7 million people received care through insurance purchased on private exchanges last year, just slightly above the number penalized for being uninsured. Officials claim that 9.6 million people have signed up for 2015 exchange plans, with two weeks left to enroll.

Nearly 90 percent qualified for some type of government subsidy due to income thresholds, in what is essentially a transfer of public money to private insurers. Even these individuals and families could be penalized this tax season.

If they incorrectly predicted their income last year, or if their income levels or family size changed, individuals could be forced to pay back some or all of their credits, up to $600. Mark Mazur, assistant secretary for tax policy at the Treasury Department, did not provide an estimate of how many of the 4.5 to 7.5 million recipients could lose their tax refunds or even still owe the IRS money.

Obamacare has added a series of new forms, check-off boxes and exemptions to the already convoluted and confusing process. The *Hill* reported that HealthCare.gov CEO Kevin Counihan is launching an effort to educate consumers with nonprofit groups and most major tax preparers. “Our goal, fundamentally, is to get people insured,” Counihan told reporters. “Our goal is not to get fee income [from penalties] or to make this difficult for folks.”

The federal figures show the overwhelming number of taxpayers—nearly 75 percent, or 112.5 million people—received coverage all year through their jobs. A major aim of Obama’s so-called health care “reform” is to provide corporations with an incentive to reduce medical coverage for their employees and force workers to pay more out-of-pocket expenses for inferior care.

By 2018, a so-called Cadillac Tax will go into effect, which will subject higher quality employer-sponsored insurance plans to a 40 percent excise tax on benefits in excess of $10,200 for an individual and $27,500 for a family plan.

The issue is central in the labor agreement involving 30,000 oil industry workers, which expires on January 31. Pointing to the fall in oil prices, incredibly profitable companies like BP, Chevron Phillips, Exxon and others are pressing for higher monthly health care premiums, deductibles and out-of-pocket expenses.

Last year a survey of large corporations found that only a quarter of big firms said they were confident they would still be offering health care coverage by 2025. The results were the lowest percentage in the two-decade history of the survey conducted by Towers Watson and the National Business Group on Health.

Another study found that ACA will save US businesses $3.25 trillion through 2025, largely through ending employer-sponsored health care and shifting health insurance costs to workers and their families. Research from S&P Capital IQ Global Markets Intelligence (GMI), a financial information division of Standard & Poor’s, found that the “ACA presents an opportunity for US companies to radically redefine the role they play in the health care system.”

Obamacare has also been a boost to the drive by the corporate elite to transform the working class into an atomized, highly exploited workforce in the so-called “1099 economy.” This is named after the tax form used to denote workers not as “employees” but “independent contractors” who are not eligible for health benefits, unemployment insurance, worker’s compensation or retirement plans.

A recent front-page feature in the *Economist*, entitled “Workers on Tap,” praised companies like Uber, a smartphone app-based start up company that “hires” non-professional drivers, using their own cars and fuel, to pick up and transport customers. The workers only work when needed and have no health care or any other benefits.

The magazine hails this trend, writing, “Like mass production, it has profound implications for everything from the organization of work to the nature of the social contract in a capitalist society… Too much of the welfare state is delivered through employers, especially pensions and health care: both should be tied to the individual and made portable, one area where Obamacare was a big step forward.”