

Tips for Assisters: Hardship Exemptions and Catastrophic Coverage

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What is an exemption?

As of January 1, 2014, most people must have health coverage known as “minimum essential coverage” or pay a fee (the “shared responsibility payment”). Under certain circumstances, consumers who don’t have minimum essential coverage won’t have to make the shared responsibility payment because the cost of coverage is unaffordable or they qualify for an “exemption.”

One form of exemption is the “hardship exemption,” which consumers may qualify for if they have experienced circumstances that prevented them from obtaining minimum essential coverage. **This fact sheet focuses on the particular exemption that qualifies a consumer to enroll in catastrophic coverage, the hardship exemption.** Note that consumers may only enroll in catastrophic coverage plans outside open enrollment periods if they qualify for a Special Enrollment Period due to changes to their household, income, and some other factors. Information about other types of exemptions may be found in ["Exemptions from the Health Insurance Marketplace Fee."](#)

What is catastrophic coverage?

A catastrophic plan generally provides coverage for 3 primary care visits, preventive services with no cost sharing, and no other benefits for the plan year until the consumer has incurred cost-sharing expenses in an amount equal to the annual limit (\$6,350 for an individual plan in 2014). These policies usually have lower premiums than a comprehensive plan, but pay for medical services only if the consumer needs a lot of care. They basically protect a consumer from worst-case scenarios. If a consumer buys a catastrophic plan, the consumer will not be eligible to receive financial assistance, such as premium tax credits and cost-sharing reductions

based on household size and income. The consumer pays the premium quoted by the insurance company.

Under the Affordable Care Act, only consumers under the age of 30 or consumers over the age of 30 who have a hardship exemption may enroll in catastrophic coverage.

Consumers may qualify for a hardship exemption that will enable them to purchase a catastrophic plan under the following circumstances:

1) If a consumer has been notified that his or her policy has been cancelled and the consumer believes that the individual market health plan options available in his or her area are unaffordable, the consumer will be eligible for a hardship exemption and will be able to enroll in catastrophic coverage if available in his or her area. The consumer may enroll in a catastrophic plan directly with the insurer of his or her choice by following the steps outlined below. For information, plan options and insurer contact numbers, please visit: <https://www.healthcare.gov/catastrophic-plan-information/> or call 1-866-837-0677, a special phone number for people whose plans have been cancelled. (9 a.m. to 7 p.m. EST Monday through Friday and 9 a.m. to 5 p.m. Saturday and Sunday). Catastrophic plans are not available in all places.

Step 1: Download and fill out the form for a [hardship exemption](#).

Step 2: See a list of catastrophic plans available through HealthCare.gov.

Step 3: The consumer submits this form to an insurance company selling catastrophic plans to show that they are eligible to buy one. When filling out the form, the consumer should be sure to answer that #13 is the reason for applying—that the consumer's individual policy has been cancelled and s/he does not believe available coverage is affordable. The consumer should also be sure to submit a copy of the cancellation notice to the insurance company.

Step 4: The insurance company will send the form to the Marketplace. The Marketplace may confirm that the consumer is eligible for a hardship exemption later, but the consumer may buy a catastrophic plan right now.

2) A consumer may be eligible for an exemption based on financial or other circumstances that prevented the consumer from obtaining coverage and may enroll in a catastrophic plan without having received a cancellation notice. Follow these steps.

Step 1: Download and fill out the appropriate application for either an affordability exemption ([Federally-facilitated Marketplace](#) or [State Based Marketplace](#)) or a [hardship exemption](#). Mail the application to:

Health Insurance Marketplace
465 Industrial Blvd.
London, KY 40741

Step 2: The Marketplace will review the exemption application and determine the consumer's eligibility for an exemption. The Marketplace may request more information or documentation from the consumer as part of this review.

Step 3: The Marketplace will mail the consumer a notice of the exemption eligibility result. If the consumer is granted an exemption, the Marketplace notice will show the consumer's unique exemption certificate number (ECN).

Step 4: The notice will direct the consumer to view catastrophic plan information available at <https://www.healthcare.gov/catastrophic-plan-information/> or call the Marketplace call center at **1-800-318-2596** for assistance with shopping for a plan, if he or she is interested in purchasing coverage.

Step 5: The consumer may also contact the issuer of choice to enroll.

Please note that a consumer granted a hardship exemption under either of the circumstances described above is not required to purchase catastrophic coverage. A consumer who chooses not to enroll in coverage after being granted an exemption will use their unique ECN when they file their federal income tax return to avoid paying the shared responsibility payment. In addition, consumers have the option to apply for an exemption from shared responsibility because coverage is unaffordable when they file their taxes, even without having applied for a hardship exemption. Coverage is determined to be unaffordable if the premiums cost more than 8.5% of household income. Learn more about claiming an exemption on a tax return at <http://www.irs.gov/uac/ACA-Individual-Shared-Responsibility-Provision-Exemptions>.

