



National Compliance Update

USI EMPLOYEE BENEFITS

January 18, 2024

2024 Federal Poverty Guidelines Announced

The Department of Health & Human Services (“HHS”) recently announced the 2024 federal poverty guidelines which, among other things, establish the Federal Poverty Line (“FPL”) affordability safe harbor for purposes of the Affordable Care Act (“ACA”) employer mandate.

For plan years beginning February 1, 2024 or later, the 2024 FPL safe harbor is **\$105.29/month** in the lower 48 states and DC, **\$131.51/month** for Alaska, and **\$121.02/month** for Hawaii.

As a reminder, a plan can use poverty guidelines in effect *6 months before the first day of the plan year* for purposes of using the FPL affordability safe harbor.¹

USI Note. Because the 2024 guidelines were announced after the start of the calendar year, plans with plan years beginning on January 1, 2024 use **\$101.93/month** for the lower 48 states and DC (\$127.31/month for Alaska and \$117.25/month for Hawaii), which is 8.39% of the 2023 applicable federal poverty guidelines.²

BACKGROUND AND FPL SAFE HARBOR

Large employers may be subject to the employer mandate penalty under the ACA if they do not offer affordable, minimum value coverage to all full-time employees, and at least one full-time employee receives a subsidy in the Marketplace.³

¹ As these guidelines are usually announced in January, plan years that begin on February 1, 2024, but before July 1, 2024, may use either the 2023 or 2024 guidelines to determine affordability under the FPL safe harbor.

² See USI's Compliance Update, [IRS Announces 2024 ACA Affordability Indexed Amount](#) (August 24, 2023).

³ [Employer Mandate Penalties](#) under Internal Revenue Code §§4980H(a) or (b):

- “A” (or “No Coverage”) Penalty
 - Applies if the large employer does not offer at least 95% of all full-time employees (“FTEs”) and their dependents minimum essential coverage and one FTE receives a subsidy in the Marketplace.
 - \$2,000 (as indexed) X the total number of FTEs in excess of 30. For 2024, the indexed penalty is **\$2,970 (\$247.50/month)**.
- “B” (or “Offer Coverage”) Penalty
 - Applies if the large employer offers coverage to at least 95% of all FTEs (and their dependents), but that coverage is *unaffordable* or does not provide a minimum value (or as to any excluded FTEs of 5% or less of all FTEs) and one FTE receives a subsidy in the Marketplace.

A large employer’s offer of coverage will be considered “affordable” under the FPL safe harbor⁴ if the employee’s required monthly contribution for the lowest cost self-only coverage that provides minimum value does not exceed 9.5% (as indexed⁵) of a monthly amount determined as the FPL for a single individual for the applicable calendar year, divided by 12.

2024 FPL Affordability Safe Harbor

For FPL affordability safe harbor purposes, the applicable FPL is the FPL for the state in which the employee is employed. The 2024 FPL is \$15,060 for a single individual in every state (and Washington D.C.) except Alaska or Hawaii. Thus, if the employee’s required monthly contribution for the lowest cost self-only coverage that provides minimum value is **\$105.29** (8.39% of \$15,060/12, rounded down) or less, the employer’s offer of coverage meets the FPL affordability safe harbor for a plan year beginning February 1, 2024 or later in the lower 48 states and DC.⁶

FPL GUIDELINES

The following are the 2024 HHS poverty guidelines:

2024 Poverty Guidelines for the 48 Contiguous States and DC		2024 Poverty Guidelines for Alaska		2024 Poverty Guidelines for Hawaii	
Persons in family/household	Poverty guideline	Persons in family/household	Poverty guideline	Persons in family/household	Poverty guideline
1	\$15,060	1	\$18,810	1	\$17,310
2	\$20,440	2	\$25,540	2	\$23,500
3	\$25,820	3	\$32,270	3	\$29,690
4	\$31,200	4	\$39,000	4	\$35,880
5	\$36,580	5	\$45,730	5	\$42,070
6	\$41,960	6	\$52,460	6	\$48,260
7	\$47,340	7	\$59,190	7	\$54,450
8	\$52,720	8	\$65,920	8	\$60,640
For families/households with more than 8 persons, add \$5,380 for each additional person.		For families/households with more than 8 persons, add \$6,730 for each additional person.		For families/households with more than 8 persons, add \$6,190 for each additional person.	

– \$3,000 (as indexed) X the total number of FTEs who receive the government subsidy in the Marketplace (maximum penalty is the “A” penalty). For 2024, the indexed penalty is **\$4,460 (\$371.67/month)**.

⁴ Affordability safe harbors based on Form W-2 and rate of pay are also available.

⁵ Indexed at 9.56% for 2015; 9.66% for 2016; 9.69% for 2017, 9.56% for 2018, 9.86% for 2019, 9.78% for 2020, 9.83% for 2021, 9.61% for 2022, 9.12% for 2023, **8.39% for 2024**.

⁶ 8.39% of \$18,810/12 is **\$131.51** for Alaska; 8.39% of \$17,310/12 is **\$121.02** for Hawaii.

RESOURCES

- For the new poverty guidelines, visit: <https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines>.
- For the *Annual Update of the HHS Poverty Guidelines* from Federal Register Vol. 89, No. 11, January 17, 2024, <https://www.govinfo.gov/content/pkg/FR-2024-01-17/pdf/2024-00796.pdf>

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