



U.S. Citizens With Global Medical Insurance

Q: *I am a US Citizen. Am I eligible for your Global Medical Insurance (GMI) plan?*

A: You are eligible for our Global Medical insurance plan if you reside outside of the U.S. or have a good faith intent to reside outside of the U.S. for six months or more in a calendar year. Please note that IMG's Global Medical Insurance Plan does not meet the definition of "minimum essential coverage" under PPACA. GMI is not intended to provide U.S. citizens residing in the U.S. with health insurance. While your GMI plan for worldwide coverage will not be affected by PPACA, you should review the information below to see if you are exempt from the requirements of PPACA or not, and whether you will have to pay a tax penalty or not. Under PPACA, all U.S. citizens, nationals and resident aliens will be required to purchase minimum essential coverage (PPACA compliant coverage), **unless they are exempt**. Exempt U.S. citizens include U.S. citizens who reside outside of the U.S. The exemption applies to a U.S. citizen who has a tax home (main place of work or employment, or if you don't have a main place of work or employment, your main residence) in a foreign country, and is a bona fide resident of a foreign country. See details under the [IRS foreign earned income exclusion test](#). If a person was required to purchase minimum essential coverage and did not, she/he would be required to pay a tax penalty for not purchasing PPACA coverage (if she/he files a U.S. tax return). In many cases, this tax is far less than the premiums that a person would pay for obtaining PPACA coverage.

GMI is not intended to provide U.S. Citizens residing in the U.S. with health insurance. While your GMI plan for worldwide coverage will not be affected by PPACA, you should review the information below to see if you are exempt from the requirements of PPACA or not, and whether you will have to pay a tax penalty or not.

Under PPACA, all U.S. citizens, nationals and resident aliens will be required to purchase minimum essential coverage (*PPACA compliant coverage*), **unless they are exempt**. Exempt U.S. citizens include U.S. citizens who reside outside of the U.S. The exemption applies to:

- A U.S. citizen who has a tax home (*your main place of work or employment, or if you don't have a main place of work or employment, your main residence*) in a foreign country, and
 - » has been a bona fide resident of a foreign country or countries for an uninterrupted period that includes an entire taxable year; or

- » is present in a foreign country or countries during at least 330 full days in a twelve month period.

See details under the [IRS foreign earned income exclusion test](#).

Even if a person was required to purchase minimum essential coverage and did not, she/he would only be required to pay a tax penalty for not purchasing PPACA coverage (*if she/he files a U.S. tax return*). In many cases, this tax is far less than the premiums that a person would pay for obtaining PPACA coverage.

Penalty Tax

Q: *What will my tax be if I am required to have PPACA coverage, but do not purchase it?*

A: Tax Calculations:

Taxes begin in 2014 and rise in years following. In each year, the tax consists of the higher of a dollar amount or a percentage of household income. For a given household, the tax applies to each individual, up to a maximum of three. Following is the schedule of taxes:

- **2014:** The higher of \$95 per person (up to 3 people, or \$285) OR 1.0% of taxable income.
- **2015:** The higher of \$325 per person (up to 3 people, or \$975) OR 2.0% of taxable income.
- **2016:** The higher of \$695 per person (up to 3 people, or \$2,085) OR 2.5% of taxable income.
- **After 2016:** The same as 2016, but adjusted annually for cost-of-living increases.

Tax Examples:

2014 - family of 2; taxable income = \$26,000;
tax = \$260 because **\$260** ($\$26,000 \times 1\%$) is higher than **\$190** ($\$95 \times 2$ persons).

2014 - family of 3; taxable income = \$26,000;
tax = \$285 because **\$285** ($\$95 \times 3$ persons) is higher than **\$260** ($\$26,000 \times 1\%$).



Non-U.S. citizen With Global Medical Insurance

Q: I am a Non-U.S. Citizen covered under a Global Medical Insurance Plan. Does the individual mandate apply to me?

A: Under PPACA, all U.S. citizens, nationals and resident aliens will be required to purchase minimum essential coverage (PPACA compliant coverage), **unless they are exempt.**

IMG's Global Medical Insurance Plan does not meet the definition of "minimum essential coverage" under PPACA. While your GMI plan for worldwide coverage will not be affected by PPACA, you should review the information below to see if you are exempt from the requirements of PPACA or not, and whether you will have to pay a tax penalty or not.

The [IRS provides a questions and answers page](#) on the individual mandate. Question 11 asks whether all individuals living in the U.S. are subject to the mandate. The answer is that U.S. citizens and permanent legal residents are subject to the mandate, as are "foreign nationals who are in the U.S. long enough during a calendar year to qualify as resident aliens for tax purposes." Thus, non-resident aliens are not subject to the individual mandate, even if they have to file a tax return.

Am I a Resident or Non-Resident Alien?

The IRS states that you are a non-resident alien unless you meet either the [green card test](#) or the [substantial presence test](#). According to [IRS Publication 519, Tax Guide for Aliens](#), under the green card test, green card holders are resident aliens for tax purposes. The substantial presence test uses a formula to count the number of days present in the U.S. over the past 3 years. Generally, you are a resident alien after six months of presence in the U.S. – **unless you are exempt.**

Exempt non-U.S. citizens include:

- A non-U.S. citizen who is not a permanent legal resident (*the green card test*) or has not been in the U.S. for 183 days over the last three year period.
- A non-U.S. citizen temporarily present in the United States as a foreign government-related individual under an "A" or "G" visa.
- A non-U.S. citizen teacher or trainee temporarily present in the United States under a "J" or "Q" visa.
- A non-U.S. citizen student temporarily present in the United States under an "F," "J," "M," or "Q" visa.
- A non-U.S. citizen professional athlete temporarily in the United States to compete in a charitable sports event; and
- Expatriate employees living outside of their home

countries for six months or more of a year.

- A person who is required to, but does not have minimum essential coverage for up to three months during the year (*only one three-month period allowed each year*).

Here are some [Alien Residence examples](#) to assist you.

Non-U.S. Citizen - Short-Term Travel Medical Insurance:

Q: I am a non-U.S. citizen that will be temporarily traveling to the U.S. Do I need PPACA coverage?

A: IMG's short-term international travel medical products are not a substitute for minimum essential coverage that you may need to have under PPACA. If you are a U.S. citizen, national or legal resident alien in the U.S., you will need to maintain minimum essential coverage unless you are exempt. Exemptions include:

- Individuals not residing in the U.S.
- Non-U.S. citizens who are "non-resident aliens" (*for U.S. income tax purposes*). See *Am I a Resident or Non-Resident Alien?*
- Individuals with a coverage gap of less than 3 months
- Individuals who cannot afford coverage (*i.e. required contribution exceeds 8% of household income*)
- Individuals with a religious conscience exemption (*applies only to certain faiths*)
- Members of a health care sharing ministry
- Incarcerated individuals
- Individuals with income below the tax filing threshold; and
- Members of Indian tribes.

You will not need PPACA coverage for short-term travel to the U.S., unless you are considered an "alien lawfully present" in the U.S. See *Non-U.S. citizen With Global Medical Insurance*.

In general, PPACA does not govern short-term limited duration insurance, like IMG's [short-term travel medical insurance programs](#).

However please understand that under PPACA, as of January 1, 2014, extensions of short-term coverage will be limited to less than 12 months to meet the definition of a short-term limited duration plan.

U.S. Citizen - Short-Term Travel Medical Insurance:

Q: *I am a U.S. citizen that will be temporarily traveling outside of the U.S. Do I need PPACA coverage for this?*

A: IMG's short-term international travel medical products are not a substitute for minimum essential coverage that you may need to have under PPACA. However, since most PPACA plans do not provide the types of international benefits and assistance that travelers need, you should strongly consider purchasing an international travel medical plan such as IMG's Patriot plan for coverage while you travel outside of the U.S.

If you are a U.S. citizen, national or an "alien lawfully present" in the U.S., you will need to maintain minimum essential coverage unless you are exempt. Exemptions include:

Individuals not residing in the U.S.

- Non-U.S. citizens who are "non-resident aliens" (for U.S. income tax purposes). See *Am I a Resident or Non-Resident Alien?*
- Individuals with a coverage gap of less than 3 months
- Individuals who cannot afford coverage (i.e. required contribution exceeds 8% of household income)
- Individuals with a religious conscience exemption (applies only to certain faiths)
- Members of a health care sharing ministry
- Incarcerated individuals
- Individuals with income below the tax filing threshold; and
- Members of Indian tribes.

In general, PPACA does not govern short-term limited duration insurance, like IMG's [short-term travel medical insurance programs](#).

However, please understand that under PPACA, as of January 1, 2014, extensions of short-term coverage will be limited to less than 12 months to meet the definition of a short-term limited duration plan.

Expatriate Groups (GEO®)

Q: *I am an individual residing outside of my home country and covered under an employer group plan. Does PPACA apply to me?*

A: On March 8, 2013, the Departments of Labor, Health and Human Services and Treasury issued a Frequently Asked Question (FAQ) announcing that, for expatriate plans, compliance with most PPACA provisions is being delayed

until January 1, 2016. The relief from compliance applies for plan years 2014 and 2015 on plans that meet the following definition:

"Insured group health plans with plan years ending on or before December 31, 2015, in which enrollment is limited to individuals residing outside of their home country for at least six months of the plan year and any covered dependents."

International Students

Q: *I am a non-U.S. citizen and an international student. Will PPACA's individual mandate affect my IMG plan?*

A: As non-resident aliens, international students on F, J, M and Q visas (and certain family members of students) are not subject to the individual mandate for their first 5 years in the U.S. All other J categories (teacher, trainee, work and travel, au pair, high school, etc.) are not subject to the individual mandate for 2 years (out of the past six).

Since international students are not subject to the mandate, they are not required to purchase a plan that meets PPACA requirements and can purchase an appropriate IMG plan.

International Students – Exempt as Non-Resident Aliens

Under the IRS [international student exemption](#), anyone "temporarily in the United States on an "F", "J", "M", or "Q" visa for the primary purpose of studying at an accredited academic institution or vocational school (and certain family members of students), and who substantially complies with the requirements of that visa," is exempt from being treated as a resident alien, and is therefore exempt from the individual mandate as a non-resident alien.

That exemption applies for 5 years. After 5 years, a student is no longer exempt, and the substantial presence test must be applied. See examples at <http://www.irs.gov/Individuals/International-Taxpayers/Alien-Residency-Examples>

Even after 5 years in the U.S., an international student may continue to be a non-resident alien for tax purposes under the "[Closer Connection](#)" exception if they can prove that they still have a closer connection to their home country than to the U.S.



**The Individual Mandate and Alien / Non-Alien Status**

The IRS provides a [questions and answers page](#) on the individual mandate. Question 11 asks whether all individuals living in the U.S. are subject to the mandate. The answer is that U.S. citizens and permanent legal residents are subject to the mandate, as are "foreign nationals who are in the U.S. long enough during a calendar year to qualify as resident aliens for tax purposes." Thus, non-resident aliens are not subject to the individual mandate, even if they have to file a tax return.

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