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The Department of Health & Human Services (“HHS”) recently announced the 2026 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, 2026 or later, the 2026 FPL safe harbor is \$132.46/month in the lower 48 states and DC, \$165.58/month for Alaska, and \$162.38/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. Plan years that begin on February 1, 2026, but before July 1, 2026, may use either the 2025 or 2026 guidelines to determine affordability under the FPL safe harbor

Note for Calendar Year Plans. Because the 2026 guidelines were announced after the start of the calendar year, plans with plan years beginning on January 1, 2026 use \$129.89/month for the lower 48 states and DC (\$162.26/month for Alaska and \$149.31/month for Hawaii), which is 9.96% of the 2025 applicable federal poverty guidelines.

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.

A large employer’s offer of coverage will be considered “affordable” under the FPL safe harbor if the employee’s required monthly contribution for the lowest cost self-only coverage that provides minimum value does not exceed 9.5% (as indexed - 9.96% for 2026) of a monthly amount determined as the FPL for a single individual for the applicable calendar year, divided by 12.

2026 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 2026 FPL is \$15,960 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 \$132.46 (9.96% of \$15,960/12, rounded down) or less, the employer's offer of coverage meets the FPL affordability safe harbor for a plan year beginning February 1, 2026 or later in the lower 48 states and DC.

FPL Guidelines

The following are the 2026 HHS poverty guidelines:

2026 Poverty Guidelines for the 48 Contiguous States and DC		2026 Poverty Guidelines for Alaska		2026 Poverty Guidelines for Hawaii	
Persons in family/household	Poverty guideline	Persons in family/household	Poverty guideline	Persons in family/household	Poverty guideline
1	\$15,960	1	\$19,950	1	\$18,360
2	\$21,640	2	\$27,050	2	\$24,890
3	\$27,320	3	\$34,150	3	\$31,420
4	\$33,000	4	\$41,250	4	\$37,950
5	\$38,680	5	\$48,350	5	\$44,480
6	\$44,360	6	\$55,450	6	\$51,010
7	\$50,040	7	\$62,550	7	\$57,540
8	\$55,720	8	\$69,650	8	\$64,070
For families/households with more than 8 persons, add \$5,680 for each additional person.		For families/households with more than 8 persons, add \$7,100 for each additional person.		For families/households with more than 8 persons, add \$6,530 for each additional person.	

Employer Action

- Employers subject to the Employer Mandate and intend on using the FPL safe harbor need to should review these numbers and adjust premiums accordingly or use a different safe harbor.
- Failure to use an any affordability safe harbor (W-2, Rate of Pay or FPL), ALEs must use mainland FPL to determine affordability (\$132.46).