

defined in section 5000A(f)(2)) and the plan's share of the total allowed costs of benefits provided under the plan is less than 60 percent of such costs.

**(iii) Employee or family must not be covered under employer plan**

Clauses (i) and (ii) shall not apply if the employee (or any individual described in the last sentence of clause (i)) is covered under the eligible employer-sponsored plan or the grandfathered health plan.

**(iv) Indexing**

In the case of plan years beginning in any calendar year after 2014, the Secretary shall adjust the 9.5 percent under clause (i)(II) in the same manner as the percentages are adjusted under subsection (b)(3)(A)(ii).

**(3) Definitions and other rules**

**(A) Qualified health plan**

The term “qualified health plan” has the meaning given such term by section 1301(a) of the Patient Protection and Affordable Care Act, except that such term shall not include a qualified health plan which is a catastrophic plan described in section 1302(e) of such Act.

**(B) Grandfathered health plan**

The term “grandfathered health plan” has the meaning given such term by section 1251 of the Patient Protection and Affordable Care Act.

**(d) Terms relating to income and families**

For purposes of this section—

**(1) Family size**

The family size involved with respect to any taxpayer shall be equal to the number of individuals for whom the taxpayer is allowed a deduction under section 151 (relating to allowance of deduction for personal exemptions) for the taxable year.

**(2) Household income**

**(A) Household income**

The term “household income” means, with respect to any taxpayer, an amount equal to the sum of—

- (i) the modified adjusted gross income of the taxpayer, plus
- (ii) the aggregate modified adjusted gross incomes of all other individuals who—
  - (I) were taken into account in determining the taxpayer's family size under paragraph (1), and
  - (II) were required to file a return of tax imposed by section 1 for the taxable year.

**(B) Modified adjusted gross income**

The term “modified adjusted gross income” means adjusted gross income increased by—

- (i) any amount excluded from gross income under section 911,
- (ii) any amount of interest received or accrued by the taxpayer during the taxable year which is exempt from tax, and
- (iii) an amount equal to the portion of the taxpayer's social security benefits (as defined in section 86(d)) which is not included in gross income under section 86 for the taxable year.

**(3) Poverty line**

**(A) In general**

The term “poverty line” has the meaning given that term in section 2110(c)(5) of the Social Security Act (42 U.S.C. 1397jj(c)(5)).

**(B) Poverty line used**