

Individual Health Insurance Tax Subsidies

Improvements to Individual and Small Group Health Plans

Individual health plans will be guaranteed issue beginning Jan. 1, 2104.

- No more underwriting – no one can be declined – no pre-existing conditions.

All health plans will have at least the government defined 'Essential Health Benefits'.

- ambulatory patient services;
- emergency services;
- hospitalization;
- *maternity and newborn care*;
- *mental health, substance use disorder services, and behavioral health treatment*;
- prescription drugs;
- rehabilitative and habilitative services and devices;
- laboratory services;
- preventive and wellness services and chronic disease management;
- pediatric services, including oral and vision care.

The Individual Mandate

Starting in 2014, nearly every person in the US making more than 100% of the Federal Poverty Limit is required to have health qualified health insurance by March 31st, or pay a penalty.

Individual Responsibility Tax

2014	\$95 per adult (<i>50% for kids</i>) with a cap of \$285 per family, or 1% of income whichever is greater
2015	\$325 per adult (<i>50% for kids</i>) with a cap of \$975 per family, or 2% of income whichever is greater
2016	\$695 per adult (<i>50% for kids</i>) with a cap of \$2085 per family, or 2.5% of income whichever is greater

What about dependents?

Each tax filer is also responsible for the tax due on any dependents, including children younger than 18 who will be assessed one-half the adult amount. There is a household cap, as the total tax penalty cannot exceed three times the amount of the applicable flat dollar amount for an individual.

Health Plan Chart – Metal Levels

Bronze	60% (<i>58% – 62%</i>)
Silver	70% (<i>68% - 72%</i>)
Gold	80% (<i>78% - 82%</i>)
Platinum	90% (<i>88% - 92%</i>)

Here are some quick facts about the Health Insurance Premium Subsidies:

- Tax credits can be applied to the cost of your health plan when you enroll – you do not *need to wait until you file a tax return at the end of the year.*
- *Tax credits are only available through the Health Insurance Marketplaces. I.e. one must enroll in a health plan through the Health Insurance Marketplaces if you want to use your tax credits.*
- *Tax credits are paid directly to your health plan. These tax credits are paid by the IRS to your health plan to keep your out-of-pocket costs low.*
- Tax credits will be adjusted at the end of the year based on your actual income. At the end of the year, the tax credits may be adjusted if your income is different than you anticipated. This means that you will want to notify the Health Insurance Marketplace if your income changes.

What types of premium subsidies will be available for individuals?

- Beginning in 2014, PPACA will provide subsidies for individuals with incomes between 133% and 399% of the federal poverty level (FPL).
- Individuals eligible for government programs are not eligible for health insurance premium subsidies.
- Individuals who are offered employer health benefits coverage are not eligible for premium tax credits unless the employer plan does not comply with at least a 60% actuarial value, or unless the individual's share of the employee only premium for employer-sponsored health insurance exceeds 9.5% of their income.
- The subsidy offered is tied to the second lowest cost Silver level benefit plan offered by the exchange. This plan is estimated to cover 70% of the average person's health care expenditures for one year.

Federal Poverty Limit Chart

Eligibility for the premium subsidies and other programs available through the Affordable Care Act revolve around household income as a percentage of the Federal Poverty Limit (FPL). The FPL varies based on household size. As the number of people in a household increases, the FPL increases. The chart below shows the FPL for various family sizes:

<u>Household Size</u>	<u>FPL</u>	<u>133% of FPL</u>	<u>250% of FPL</u>	<u>400% of FPL</u>
1	\$11,490	\$15,282	\$28,725	\$45,960
2	\$15,510	\$20,628	\$38,775	\$62,040
3	\$19,530	\$25,975	\$48,825	\$78,120
4	\$23,550	\$31,322	\$58,875	\$94,200
5	\$27,570	\$36,668	\$68,925	\$110,280
6	\$31,590	\$42,015	\$78,975	\$126,360
7	\$35,610	\$47,361	\$89,025	\$142,440
8	\$39,630	\$52,708	\$99,075	\$158,520

Premium Subsidy as % of Income

<u>% Of FPL</u>	<u>Premium Subsidy % of Income</u>
133%-149%	3%-4%
150%-199%	4%-6.3%
200%-249%	6.3%-8.05%
250%-299%	8.05%-9.5%
300%-399%	9.5%
400%+	None

Bronze Health Plan at Zero Cost

Since Premium Subsidies are based on the cost of a silver plan, and bronze plans could cost less, it is possible that some employees could qualify for a Bronze Plan at no cost after their Premium Tax Credit.

Cost Sharing Subsidies

In addition to premium subsidies, families and individuals with a household income below 250% of the Federal Poverty Level qualify for a Cost Sharing Subsidy. This subsidy adjusts the structure of the silver plans that would normally pay approximately 70% of the medical expenses.

<u>% of FPL</u>	<u>Silver Plan Adj</u>	<u>Single OOP Max</u>	<u>Family OOP Max</u>
100%-150%	Pays 94%	\$2,117	\$4,233
151%-200%	Pays 87%	\$2,117	\$4,233
201%-250%	Pays 73%	\$5,080	\$10,160