

AFSCME Facts

Health Insurance Marketplaces and Subsidies – Am I Eligible?

Beginning in October 2013, individuals will be able to purchase health care coverage through new exchanges, or health insurance marketplaces, created under the Affordable Care Act (ACA) for coverage effective January 1, 2014. Certain individuals and families will be eligible for premium assistance tax credits to help purchase coverage available through these marketplaces:

- Household income between 100 and 400 percent of the Federal Poverty Level (FPL)
- Not eligible for Medicare, Medicaid or the Children’s Health Insurance Program (CHIP)
- Not eligible for “affordable” employer-sponsored coverage

People can apply through the insurance marketplace online, by mail or in person. They will need to provide some basic information concerning household income, family size and if they have an offer of health coverage through their job. Based on this information, the marketplace will determine whether members of the household are eligible for premium assistance tax credits or other health care programs like Medicaid or CHIP.

The amount of the tax credit is based on 1) household income, on a sliding scale basis with greater financial assistance available to lower income individuals and families; and 2) the premium for the benchmark plan (the second lowest cost silver plan available in a marketplace). An individual or family selecting a more expensive or higher tier plan (i.e., gold or platinum – which covers more of the costs of a plan’s covered services) must pay the difference.

2013 FEDERAL POVERTY LEVELS		
Family Size	100% FPL Annual Income	400% FPL Annual Income
1	\$11,490	\$45,960
2	15,510	62,040
3	19,530	78,120
4	23,550	94,200
5	27,570	110,280
6	31,590	126,360

PREMIUM CONTRIBUTION LIMIT	
Income	Premium Limit
Up to 133% FPL	2% of income
133 – 150% FPL	3 – 4% of income
150 – 200% FPL	4 – 6.3% of income
200 – 250% FPL	6.3 – 8.05% of income
250 – 300% FPL	8.05 – 9.5% of income
300 – 350% FPL	9.5% of income
350 – 400% FPL	9.5% of income

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The premium assistance tax credit can either be taken 1) in advance, paid to the health insurer monthly to lower the amount of premium you owe; or 2) taken at the end of the year as a credit when filing your tax return. For those choosing to take the credit in advance, there is a reconciliation process done at tax time to make sure you received the correct tax credit amount. Tax credits received (based on estimated income) in excess of the actual credit due (based on actual income reported on tax return) could mean that individuals/families will have to pay back some of the credit they received. Changes in family size or income during the year could result in receiving incorrect credit amounts, so make sure you contact the marketplace when there are changes so your tax credit can be increased or decreased as necessary.

Cost-sharing assistance

Beginning in 2014, plans offered on the marketplaces will have limits on the out-of-pocket costs that individuals and families must pay: \$6,350 for single coverage and \$12,700 for family coverage. Cost sharing assistance will be available for individuals/families with incomes up to 250 percent of FPL if they enroll in a silver plan (which pays for 70 percent of the plan’s covered services). This cost sharing assistance will reduce these limits on the out-of-pocket maximums – through reduced deductibles, copayments and coinsurance amounts required by the plan, with the amount of the reduction depending on income. The federal government will make payments to health insurers to reduce the

out-of-pocket costs to lower income plan participants. The reference to “AV” in the chart below refers to the actuarial value of the plan. Actuarial Value is the percent of covered services that are paid by the plan. So, a plan with a higher AV percentage has more comprehensive coverage, and less out-of-pocket copayments from participants.

Income	AV of silver plan increased
100 – 150% of FPL	94% of AV
151 – 200% of FPL	87% of AV
201 – 250% of FPL	73% of AV

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Examples

Jane Brown

- single, non-smoker, 25 years old, earns \$22,980 per year (200 percent FPL)
- premium contribution limit = 6.3 percent of income (\$1,448 per year)
- cost of benchmark plan (2nd lowest cost silver plan) = \$5,000 per year
- **premium credit** = benchmark plan cost — Jane's contribution (\$5,000 — \$1,448 = **\$3,552**)
- Jane will pay approximately \$120 month for coverage and will also qualify for cost sharing reductions that will lower the out-of-pocket costs required by the plan when she uses services.

Jill Smith

- single, non-smoker, 25 years old, earns \$34,470 per year (300 percent FPL)
- premium contribution limit = 9.5 percent of income (\$3,275 per year)
- cost of benchmark plan (2nd lowest cost silver plan) = \$5,000 per year
- **premium credit** = benchmark plan cost — Jill's contribution (\$5,000 — \$3,275 = **\$1,725**)

Jones Family of Four

- household income \$82,425 (350 percent FPL)
- premium contribution limit = 9.5 percent of income (\$7,830/yr)
- cost of benchmark family plan = \$15,000 per year
- **premium credit** = benchmark plan cost – Jones family contribution (\$15,000 — \$7,830 = **\$7,170**)

For more information and assistance in preparing for the purchase of health care coverage through these new insurance marketplaces, visit the www.healthcare.gov website or call the 24-hours-a-day toll-free consumer call center at 1-800-318-2596. In addition to English and Spanish, the call center provides assistance in more than 150 languages through an interpretation and translation service. Hearing impaired callers can dial 1-855-889-4325 for TTY/TDD technology.

June 2013