

# Deciding How Much Financial Assistance to Use to Lower Your Monthly Premiums



About this  
fact sheet

You decide how much of your financial assistance the marketplace will pay to your health insurance company for your premiums. The amount of assistance that you use affects how much you have to pay for premiums each month.

## 1. Why would I want to use less than the full amount of my financial assistance to help pay my premiums?

The amount of financial assistance you can use to help pay your premiums is based on what you *think* your family's income will be that year and how many people are in your family at the time that you apply. But after you get your financial assistance, things can change. You might wind up earning more money, or the number of people in your family could change (you could get married, for example).

The amount of financial assistance you are *supposed* to get is based on how much your family actually earned and how many people are actually in your family at the end of the year.

When you do your taxes, you will find out if you used the right amount of financial assistance to help pay your premiums. If you used too much, you will have to pay some of it back. If you used less than the full amount, you will get back that extra money as a tax refund or as a discount on any taxes that you owe.

If you are worried about using too much financial assistance up front and owing extra money at tax time, ask the marketplace to give your health insurance company less than the full amount you are offered. Your monthly premiums will be higher than they would have been if you used the full amount, but it's less likely that you will have to pay money back at tax time.

### MORE INFORMATION



Learn more about the basics of financial assistance for health insurance.

***Fact sheet: "Getting Financial Assistance to Pay for Health Insurance"***

### Your Family and Financial Assistance

When the marketplace figures out how much financial assistance your family can get, it counts everyone listed on your family's tax return, including the taxpayer, the taxpayer's spouse, and their dependents. Married couples must file taxes jointly (as a couple) when they get financial assistance.

### 2. If I don't use all of my financial assistance to help pay my premiums, will I lose the extra amount?

No. When you do your taxes, you will find out if you used the right amount of financial assistance. If you didn't use the full amount, you will get back that extra money as a tax refund or as a discount on any taxes you owe.

### 3. Can I change the amount that goes directly toward my premiums in the middle of the year?

Yes. If your family size or income changes in the middle of the year, you can change the amount you want the marketplace to pay your insurance company. Remember that this will also change how much you pay for premiums each month. If you use less of your financial assistance, you will pay more for premiums. If you use more financial assistance, you will pay less.

### 4. If I change how much financial assistance goes toward my premiums, when will I have to start paying the new premium amount?

Check with your state's marketplace to see how long it will take to change the amount that goes directly toward your premiums. In general, if you ask for this change early in the month, you will start paying the new amount at the beginning of the next month. If you ask for the change after the 15<sup>th</sup> of the month, it might take an extra month for your premiums to change.

### 5. When would I want to consider using only part of my financial assistance to help pay my premiums?

In general, if you think your income might go up during the year or your family size might change, it might be a good idea to use only part of your financial assistance to help pay your premiums.

#### MORE INFORMATION



Learn more about how financial assistance affects your taxes and what you can do about it.

***Fact sheet: "How Getting Financial Assistance to Pay for Health Insurance Affects Your Taxes"***

## Deciding How Much Financial Assistance to Use to Lower Your Monthly Premiums

**Examples of situations when you might want to consider using only part of your financial assistance to help pay your premiums:**

- **Your income changes a lot**, and you don't know if it will go up (for example, if you are self-employed).
- **You think your income could go up during the year.** If you end up making more money than you thought you would, you might have to pay back some of the financial assistance you used during the year.
- **You are getting married, and your future spouse makes a lot more money than you.** You might not be able to get as much financial assistance after you get married as you could when you were single.
- **You think there will be fewer people in your family at the end of the year.** For example, you could have a daughter who used to live with you. She later moved out and became financially independent. In that case, you would stop listing her on your taxes. But if your family income stayed the same, you would not be able to get as much financial assistance.
- **Your family's income is high enough that if it goes up a little bit, you won't be able to get financial assistance.** If your family ends up making too much money to get any financial assistance, you will have to pay back all of the money that you used to help pay your premiums.

### MORE INFORMATION

Learn more about the highest income you can have and still get financial assistance.

*Fact sheet: "Income Guidelines for Getting and Using Financial Assistance for Health Insurance" (Table 1)*

## 6. How much of my financial assistance should I use to help pay my premiums if I think my family's income might increase later in the year?

Every state's marketplace website will have a calculator that lets you estimate how much financial assistance you'll get with different incomes.

The next page has screenshots that show an example of what one marketplace calculator looks like. They also walk you through how to use the calculator to estimate how much less financial assistance you would get if your income did increase.

Remember that you are only looking at an example of what one calculator looks like. Each state's calculator will be slightly different.

Just follow the steps on the next page.

# Deciding How Much Financial Assistance to Use to Lower Your Monthly Premiums

## Step 1

Fill in the information about your household using the same household income you put on your marketplace application.

Then the calculator will give you the amount that you'll get for financial assistance (step 2).



## Household Information

Number of people in the household *	<input type="text" value="2"/>	
Household income *	<input type="text" value="\$ 38,000.00"/>	<input type="button" value="Annual"/> ▾
ZIP Code *	<input type="text" value="92270"/>	Riverside County

## Step 2

The circled number the calculator gives you is how much financial assistance you get based on your current income. Write this number down. (Sometimes, calculators will call this amount the “monthly premium tax credit” or the “advance premium tax credit.”)

Because this is only an example, what that number is called and where it appears will be different on each website.

**Total Monthly Premiums: \$475**

**Monthly Premium Assistance (Tax Credit):**  
**\$224**

**Your Total Monthly Payment: \$251**

[VIEW DETAILS](#)

continued

# Deciding How Much Financial Assistance to Use to Lower Your Monthly Premiums

continued

## Step 3

Now go back to the screen in step 1 and change your household income so that it shows the the higher income you think you might have later in the year. Then the calculator will give you the amount that you'll get for financial assistance with your *higher* income.

**Household Information**

Number of people in the household \*

Household income \*

ZIP Code \*  Riverside County

## Step 4

Write down this amount. It is how much financial assistance you will get with your higher income.

**Total Monthly Premiums: \$475**

**Monthly Premium Assistance (Tax Credit):**  
**\$157**

**Your Total Monthly Payment: \$318**

[VIEW DETAILS](#)

## Step 5

Subtract the amount in step 4 from the amount in step 2. This is how much less financial assistance you will be able to get each month if your income goes up.

**\$224** (from Step 2)

**\$157** (from Step 4)

---

**\$67**

Source: California Health Benefit Exchange, *Covered California Shop and Compare Tool*, available online at [www.coveredca.com/shopandcompare/#calculator](http://www.coveredca.com/shopandcompare/#calculator). The example financial assistance amount is calculated based on a family of two adults, both age 30, and uses premiums specific to California. Health insurance premiums will differ from state to state.

Find your state's marketplace website at [www.healthcare.gov](http://www.healthcare.gov).

The complete *What You Need to Know about Health Insurance* series:

### **Applying for Health Insurance**

*Answering Questions about Your Family When Applying for Health Insurance*

*Answering Questions about Your Family's Income When Applying for Health Insurance*

*Applying for a Marketplace Plan if You Can Get Health Insurance through Your Job*

*What to Do if You Are Uninsured after February 15, 2015*

### **Getting Financial Assistance**

*Getting Financial Assistance to Pay for Health Insurance*

*Deciding How Much Financial Assistance to Use to Lower Your Monthly Premiums*

*Will I Be Able to Get Financial Help to Pay for Health Insurance?*

*How Getting Financial Assistance to Pay for Health Insurance Affects Your Taxes*

*Getting Extra Financial Assistance to Help Pay Health Care Costs*

### **Choosing a Health Plan**

*Choosing the Health Plan that's Right for You*

*Choosing a Health Plan You Can Afford*

*Understanding the Differences between Platinum, Gold, Silver, and Bronze Plans*

*Understanding Catastrophic Health Insurance*

*Buying Children's Dental Coverage through the Marketplace*

### **Keeping and Using Health Insurance**

*How to Use Your Health Insurance*

*How to Keep Your Marketplace Health Insurance*

*What to Do after You Buy Health Insurance in the Marketplace*

### **Understanding the Requirement to Have Health Insurance**

*Understanding the Requirement to Have Health Insurance*

*Understanding Minimum Essential Coverage*

### **Reference Charts and Graphics**

*Income Guidelines for Getting and Using Financial Assistance for Health Insurance*

*Income Guidelines for Getting Extra Financial Assistance to Pay for Health Care Costs*

*Types of Exemptions from the Requirement to Have Health Insurance*

A complete list of Families USA publications is available online at [www.FamiliesUSA.org/resources/publications](http://www.FamiliesUSA.org/resources/publications).

PUBLICATION ID: 017NAV092915

