Help Is At Hand:

New Health Insurance Tax Credits in Illinois

Families USA

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Starting in 2014, the Affordable Care Act will extend health coverage to millions of Americans. This will be done, in part, by offering tax credits to help low- and middle-income Americans afford private coverage. These new tax credits, which will offset a portion of the cost of health insurance premiums, will soon become a reality, allowing many previously uninsured Illinoisans to purchase quality health coverage.

This report takes a closer look at these premium tax credits in Illinois, which will help Illinoisans with incomes up to four times the federal poverty level ($94,200 for a family of four in 2013)[1] afford coverage. The unique structure of the tax credits means that people will be protected from having to spend more than a set percentage of their income on health insurance premiums. These premium tax credits will take effect in January 2014, following open enrollment that begins in October 2013.

Families USA commissioned The Lewin Group to use its widely respected Health Benefits Simulation Model to estimate how many people in Illinois and across the country could benefit from the new premium tax credits in 2014. We found that an estimated 957,000 Illinoisans will be eligible for the tax credits in 2014.

Most of the people who will be eligible for the tax credits will be in working families and will have incomes between two and four times poverty (between $47,100 and $94,200 for a family of four based on 2013 poverty guidelines). However, because the size of the tax credits will be determined on a sliding scale based on income, those with the lowest incomes will receive the largest tax credits, ensuring that the assistance is targeted to the people who need it most.

Every state, including Illinois, will have a new health insurance marketplace (also called an exchange) that will make it easier for residents to gain health coverage. Though these new state marketplaces may look different, all of them will help individuals and families find coverage that meets their specific needs. The tax credits will help people who are looking for coverage in their state's marketplace better afford such coverage.

In order to maximize the number of people who receive the new tax credits, Illinois and states across the country will need to develop robust outreach programs to educate consumers about this new help. The state marketplaces will need to offer insurance shoppers consumer-friendly, simple online enrollment processes, and they'll need to build complementary networks of assisters who can provide in-person, one-on-one help to anyone who needs it.

As this key part of the Affordable Care Act takes effect, many Illinoisans will enjoy tax relief. They will also enjoy the peace of mind that comes with knowing that they and their family members have affordable health insurance—insurance that they can depend on even if they experience changes in income or become unemployed.

The following examples illustrate the amount of assistance that different kinds of people could receive. For more details on the how to calculate premium tax credits, see “How Much Will the Tax Credits Be Worth?” on page 12.

Example *Jane Smith, age 45, no children, annual income of $23,000 (about 200 percent of poverty): If the annual premium for the silver reference plan in the state marketplace in Jane’s zip code is $5,000, Jane’s out-of-pocket contribution for premiums for the silver reference plan would be about $1,450 (or about $121 a month). The remainder of her premium for the silver reference plan would be covered in the form of a tax credit of $3,550 (or that amount could be credited toward the premiums for a more or less expensive plan of her choice).*

Example *The Johnsons, a family of four (two adults, two children under age 18), annual income of $35,300 (about 150 percent of poverty): If the annual premium for the silver reference plan for family coverage in the state marketplace in the Johnsons’ zip code is $12,500, the Johnsons’ out-of- pocket contribution for premiums for a silver reference plan would be about $1,410 (or about $118 a month). The remainder of their premium for the silver reference plan would be covered in the form of a tax credit of $11,090 (or that amount could be credited toward the premiums for a more or less expensive plan of their choice).*

Note that consumers will be able to select any health insurance plan that is available through the state marketplace in their area, and the law guarantees that there will be a range of plans with different coverage terms and different prices. Each family can pick the plan that meets their needs and still receive the same substantial premium tax credit. How much a family will have to spend on premiums will vary depending on whether they choose a plan that is more or less expensive than the silver level reference plan.

Key Findings

Beginning in January 2014, new tax credits will be available that will significantly reduce the cost of private health insurance for individuals and families in Illinois.

Numbers of People Eligible for the Premium Tax Credit

- Statewide, more than 957,000 Illinoisans will be eligible for these new premium tax credits in 2014 (see Table 1).
- People with annual incomes between 200 and 400 percent of poverty (between $47,100 and $94,200 for a family of four in 2013) will constitute more than half (about 56.5 percent) of athe Illinoisans who will be eligible for premium tax credits (see Table 1).

Table 1.
Illinoisans Eligible for Premium Tax Credits, by Income, 2014

Income as a Percent of Federal Poverty Level	Number in Income Group Eligible	Income Group As a Percent of Those Eligible
0-199%	416,230	43.5%
200-399%	541,210	56.5%
Total	**957,440**	**100%**

Notes: Estimates prepared by The Lewin Group for Families USA (methodology available upon request). Data are for those with incomes below 400 percent of the federal poverty level. Numbers may not add due to rounding.

Help for Working Families

- The vast majority of Illinoisans who will be eligible for premium tax credits—about 85 percent—will be in working families.
- Statewide, more than 811,000 people, the majority of Illinoisans who will be eligible for premium tax credits, will be in families with a worker who is employed, either full- or part-time (see Table 2 on page 4).

Table 2.

Illinoisans Eligible for Premium Tax Credits, by Employment Status, 2014

Employment Status	Number in Employment Group Eligible	Employment Group As a Percent of Those Eligible
Employed*	811,290	84.7%
Not Employed*	146,160	15.3%
Total	**957,440**	**100%**

Notes: Estimates prepared by The Lewin Group for Families USA (methodology available upon request). Data are for those with incomes below 400 percent of the federal poverty level. Numbers may not add due to rounding.

* The category "employed" includes those employed both full- and part-time. "Not employed" includes those out of the workforce and those not looking for work.

Help for All Ages

- Premium tax credits will be available to Illinoisans in all age groups, from hardworking Illinoisans who are supporting families to young people just starting their careers (see Table 3).
- Young adults are the likeliest age group to be eligible for premium tax credits, making up nearly 38 percent of all those who will be eligible (see Table 3).

Table 3.

Illinoisans Eligible for Premium Tax Credits, by Age, 2014

Age Group	Number in Age Group Eligible	Age Group as a Percent of Those Eligible
Under 18	178,640	18.7%
18-34	360,540	37.7%
35-54	305,010	31.9%
55 and over	113,270	11.8%
Total	**957,440**	**100%**

Notes: Estimates prepared by The Lewin Group for Families USA (methodology available upon request). Data are for those with incomes below 400 percent of the federal poverty level. Numbers may not add due to rounding.

Help for All Races and Ethnicities

- More than half (about 55 percent) of the Illinoisans who will be eligible for premium tax credits will be white, non-Hispanics (see Table 4).
- Approximately 14 percent of the Illinoisans who will be eligible will be black, non-Hispanics (see Table 4).
- Nearly a quarter (about 24 percent) of the Illinoisans who will be eligible will be Hispanics (see Table 4).
- Approximately 7 percent of the Illinoisans who will be eligible will identify themselves as being American Indian, Aleut or Eskimo, Asian or Pacific Islander, or a member of more than one group (see Table 4).

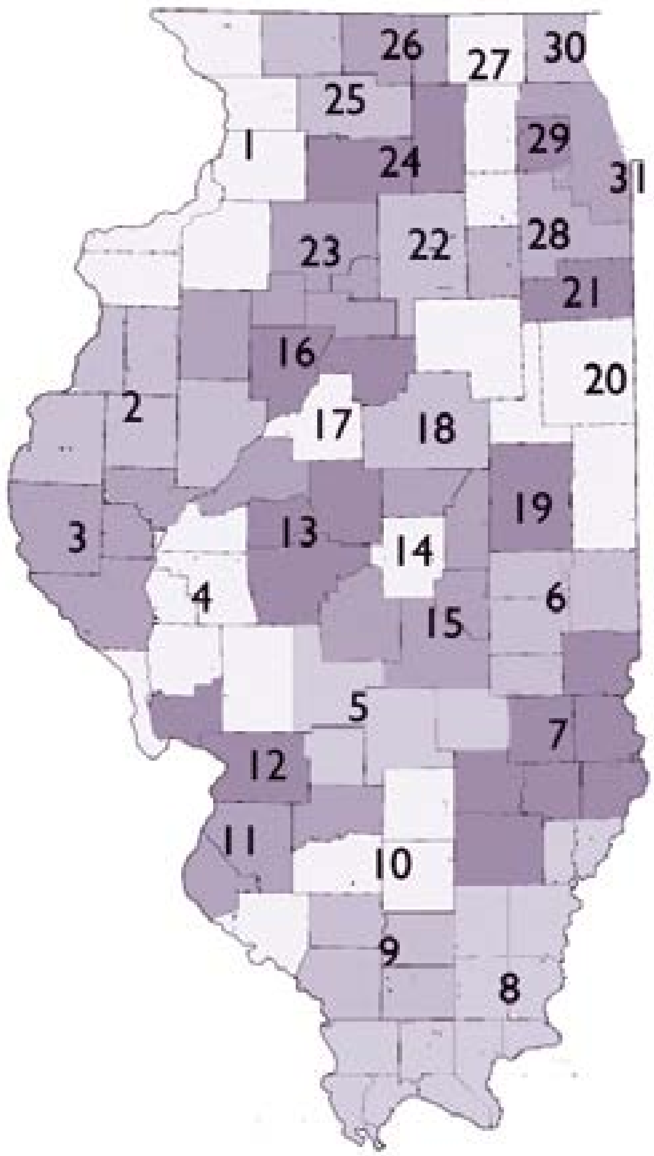
Table 4.

Illinoisans Eligible for Premium Tax Credits, by Race/Ethnicity, 2014

Racial/Ethnic Group	Number in Racial/Ethnic Group Eligible	Racial/Ethnic Group As a Percent of Those Eligible
White, Non-Hispanic	524,480	54.8%
Black, Non-Hispanic	135,420	14.1%
Hispanic	230,810	24.1%
Other*	66,730	7.0%
Total	**957,440**	**100%**

Notes: Estimates prepared by The Lewin Group for Families USA (methodology available upon request). Data are for those with incomes below 400 percent of the federal poverty level. Numbers may not add due to rounding.

* The category "other" includes those who identify themselves as American Indian, Aleut or Eskimo, Asian or Pacific Islander, or a member of more than one group.



Illinois County Locations

1 Carroll, Henry, Jo Daviess, Mercer, Rock Island, Whiteside

2 Fulton, Hancock, Henderson, McDonough, Warren

3 Adams, Brown, Mason, Pike, Schuyler

4 Calhoun, Cass, Greene, Macoupin, Morgan, Scott

5 Bond, Effingham, Fayette, Montgomery

6 Coles, Cumberland, Douglas, Edgar

7 Clark, Clay, Crawford, Jasper, Lawrence, Richland, Wayne

8 Alexander, Edwards, Gallatin, Hamilton, Hardin, Johnson, Massac, Pope, Pulaski, Saline, Union, Wabash, White

9 Franklin, Jackson, Perry, Williamson

10 Jefferson, Marion, Randolph, Washington

11 Clinton, Monroe, St. Clair

12 Jersey, Madison

13 Logan, Menard, Sangamon

14 Macon

15 Christian, De Witt, Moultrie, Piatt, Shelby

16 Peoria, Woodford

17 Tazewell

18 McLean

19 Champaign

20 Ford, Iroquois, Livingston, Vermilion

21 Kankakee

22 La Salle

23 Bureau, Knox, Marshall, Putnam, Stark

24 DeKalb, Lee

25 Ogle, Stephenson

26 Boone, Winnebago

27 Kane, Kendall, McHenry

28 Grundy, Will

29 DuPage

30 Lake

31 Cook

Table 5. Illinoisans Eligible for Premium Tax Credits, Distribution by Income Level and County, 2014

	County Name(s)	Income as a Percent of Federal Poverty Level				Total Number
		0-199%		200-399%		
		Number	Percent	Number	Percent	
1	Carroll, Henry, Jo Daviess, Mercer, Rock Island, Whiteside	9,850	44.2%	12,420	55.8%	22,270
2	Fulton, Hancock, Henderson, McDonough, Warren	4,800	48.4%	5,120	51.6%	9,920
3	Adams, Brown, Mason, Pike, Schuyler	3,510	39.6%	5,360	60.4%	8,860
4	Calhoun, Cass, Greene, Macoupin, Morgan, Scott	4,050	45.6%	4,830	54.4%	8,890
5	Bond, Effingham, Fayette, Montgomery	3,680	41.5%	5,180	58.5%	8,860
6	Coles, Cumberland, Douglas, Edgar	4,030	41.7%	5,630	58.3%	9,660
7	Clark, Clay, Crawford, Jasper, Lawrence, Richland, Wayne	4,210	39.7%	6,390	60.3%	10,600
8	Alexander, Edwards, Gallatin, Hamilton, Hardin, Johnson, Massac, Pope, Pulaski, Saline, Union, Wabash, White	5,080	43.8%	6,530	56.2%	11,600
9	Franklin, Jackson, Perry, Williamson	7,600	47.8%	8,320	52.2%	15,920
10	Jefferson, Marion, Randolph, Washington	4,260	40.9%	6,170	59.1%	10,430
11	Clinton, Monroe, St. Clair	9,490	38.9%	14,930	61.1%	24,420
12	Jersey, Madison	9,420	45.6%	11,220	54.4%	20,640
13	Logan, Menard, Sangamon	5,140	35.2%	9,450	64.8%	14,590
14	Macon	3,400	39.0%	5,320	61.0%	8,730
15	Christian, De Witt, Moultrie, Piatt, Shelby	3,100	40.8%	4,490	59.2%	7,600
16	Peoria, Woodford	6,720	44.6%	8,330	55.4%	15,050
17	Tazewell	4,570	45.2%	5,560	54.8%	10,130
18	McLean	4,400	42.5%	5,950	57.5%	10,350
19	Champaign	8,590	55.4%	6,910	44.6%	15,500
20	Ford, Iroquois, Livingston, Vermilion	5,250	38.8%	8,270	61.2%	13,510
21	Kankakee	3,780	40.8%	5,470	59.2%	9,240
22	La Salle	3,810	40.8%	5,520	59.2%	9,320
23	Bureau, Knox, Marshall, Putnam, Stark	3,950	43.6%	5,120	56.4%	9,070
24	DeKalb, Lee	5,270	47.4%	5,840	52.6%	11,110
25	Ogle, Stephenson	2,460	35.7%	4,430	64.3%	6,880
26	Boone, Winnebago	12,220	45.2%	14,830	54.8%	27,050
27	Kane, Kendall, McHenry	25,690	40.1%	38,410	59.9%	64,100
28	Grundy, Will	17,210	37.8%	28,290	62.2%	45,500
29	DuPage	22,010	39.7%	33,410	60.3%	55,420
30	Lake	18,480	38.5%	29,500	61.5%	47,970
31	Cook	190,220	45.9%	224,030	54.1%	414,260
Total, all counties		**416,230**	**43.5%**	**541,210**	**56.5%**	**957,440**

Notes: Estimates prepared by The Lewin Group for Families USA (methodology available upon request). Data are for those with incomes below 400 percent of the federal poverty level. Numbers may not add due to rounding.

Table 6. Illinoisans Eligible for Premium Tax Credits, Distribution by Family Employment Status and County, 2014

		Employed*		Not Employed*		Total
	County Name(s)	Number	Percent	Number	Percent	Number
1	Carroll, Henry, Jo Daviess, Mercer, Rock Island, Whiteside	19,160	86.0%	3,110	14.0%	22,270
2	Fulton, Hancock, Henderson, McDonough, Warren	8,350	84.2%	1,570	15.8%	9,920
3	Adams, Brown, Mason, Pike, Schuyler	7,770	87.7%	1,090	12.3%	8,860
4	Calhoun, Cass, Greene, Macoupin, Morgan, Scott	7,680	86.5%	1,200	13.5%	8,890
5	Bond, Effingham, Fayette, Montgomery	7,500	84.6%	1,360	15.4%	8,860
6	Coles, Cumberland, Douglas, Edgar	8,480	87.8%	1,180	12.2%	9,660
7	Clark, Clay, Crawford, Jasper, Lawrence, Richland, Wayne	9,220	87.0%	1,380	13.0%	10,600
8	Alexander, Edwards, Gallatin, Hamilton, Hardin, Johnson, Massac, Pope, Pulaski, Saline, Union, Wabash, White	9,700	83.6%	1,900	16.4%	11,600
9	Franklin, Jackson, Perry, Williamson	13,350	83.9%	2,570	16.1%	15,920
10	Jefferson, Marion, Randolph, Washington	8,890	85.3%	1,540	14.7%	10,430
11	Clinton, Monroe, St. Clair	21,080	86.3%	3,340	13.7%	24,420
12	Jersey, Madison	17,660	85.6%	2,980	14.4%	20,640
13	Logan, Menard, Sangamon	12,920	88.6%	1,670	11.4%	14,590
14	Macon	7,690	88.1%	1,040	11.9%	8,730
15	Christian, De Witt, Moultrie, Piatt, Shelby	6,400	84.3%	1,190	15.7%	7,600
16	Peoria, Woodford	13,070	86.8%	1,980	13.2%	15,050
17	Tazewell	8,630	85.2%	1,500	14.8%	10,130
18	McLean	8,910	86.1%	1,440	13.9%	10,350
19	Champaign	12,750	82.2%	2,750	17.8%	15,500
20	Ford, Iroquois, Livingston, Vermilion	11,640	86.2%	1,870	13.8%	13,510
21	Kankakee	7,830	84.7%	1,420	15.3%	9,240
22	La Salle	8,040	86.2%	1,280	13.8%	9,320
23	Bureau, Knox, Marshall, Putnam, Stark	7,880	86.8%	1,200	13.2%	9,070
24	DeKalb, Lee	9,550	85.9%	1,560	14.1%	11,110
25	Ogle, Stephenson	6,020	87.5%	860	12.5%	6,880
26	Boone, Winnebago	22,930	84.8%	4,120	15.2%	27,050
27	Kane, Kendall, McHenry	55,020	85.8%	9,070	14.2%	64,100
28	Grundy, Will	39,290	86.3%	6,210	13.7%	45,500
29	DuPage	46,170	83.3%	9,260	16.7%	55,420
30	Lake	40,230	83.9%	7,740	16.1%	47,970
31	Cook	347,480	83.9%	66,770	16.1%	414,260
Total, all counties		**811,290**	**84.7%**	**146,160**	**15.3%**	**957,440**

Notes: Estimates prepared by The Lewin Group for Families USA (methodology available upon request). Data are for those with incomes below 400 percent of the federal poverty level. Numbers may not add due to rounding.

* The category "employed" includes those employed both full- and part-time. "Not employed" includes those out of the workforce and those not looking for work

Table 7. Illinoisans Eligible for Premium Tax Credits, Distribution by Age and County, 2014

	County Name(s)	Under 18		Age 18-34		Age 35-54		Age 55+		Total
		Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number
1	Carroll, Henry, Jo Daviess, Mercer, Rock Island, Whiteside	4,170	18.7%	7,710	34.6%	7,140	32.0%	3,260	14.6%	22,270
2	Fulton, Hancock, Henderson, McDonough, Warren	1,780	18.0%	3,830	38.6%	2,930	29.6%	1,380	13.9%	9,920
3	Adams, Brown, Mason, Pike, Schuyler	1,860	21.0%	3,270	36.9%	2,610	29.4%	1,120	12.7%	8,860
4	Calhoun, Cass, Greene, Macoupin, Morgan, Scott	1,610	18.1%	3,180	35.8%	2,860	32.1%	1,240	13.9%	8,890
5	Bond, Effingham, Fayette, Montgomery	1,630	18.4%	2,980	33.6%	3,110	35.1%	1,150	13.0%	8,860
6	Coles, Cumberland, Douglas, Edgar	1,750	18.1%	4,160	43.1%	2,730	28.3%	1,020	10.5%	9,660
7	Clark, Clay, Crawford, Jasper, Lawrence, Richland, Wayne	1,920	18.1%	3,620	34.2%	3,550	33.5%	1,510	14.2%	10,600
8	Alexander, Edwards, Gallatin, Hamilton, Hardin, Johnson, Massac, Pope, Pulaski, Saline, Union, Wabash, White	2,100	18.1%	4,030	34.7%	4,030	34.7%	1,440	12.4%	11,600
9	Franklin, Jackson, Perry, Williamson	2,910	18.3%	6,590	41.4%	4,580	28.7%	1,850	11.6%	15,920
10	Jefferson, Marion, Randolph, Washington	2,040	19.6%	3,580	34.4%	3,520	33.7%	1,290	12.4%	10,430
11	Clinton, Monroe, St. Clair	4,770	19.5%	9,130	37.4%	8,120	33.2%	2,410	9.9%	24,420
12	Jersey, Madison	3,770	18.3%	7,850	38.0%	6,450	31.2%	2,570	12.5%	20,640
13	Logan, Menard, Sangamon	3,050	20.9%	5,130	35.2%	4,670	32.0%	1,740	11.9%	14,590
14	Macon	1,900	21.8%	2,930	33.6%	2,750	31.5%	1,150	13.1%	8,730
15	Christian, De Witt, Moultrie, Piatt, Shelby	1,660	21.9%	2,340	30.9%	2,590	34.1%	1,000	13.2%	7,600
16	Peoria, Woodford	2,830	18.8%	5,760	38.2%	4,550	30.2%	1,920	12.8%	15,050
17	Tazewell	2,160	21.4%	3,600	35.5%	3,220	31.8%	1,160	11.4%	10,130
18	McLean	1,890	18.2%	4,830	46.7%	2,650	25.6%	980	9.5%	10,350
19	Champaign	2,580	16.6%	8,060	52.0%	3,320	21.4%	1,530	9.9%	15,500
20	Ford, Iroquois, Livingston, Vermilion	2,700	20.0%	4,720	34.9%	4,250	31.5%	1,840	13.6%	13,510
21	Kankakee	2,010	21.7%	3,510	37.9%	2,820	30.5%	910	9.8%	9,240
22	La Salle	1,770	19.0%	3,160	33.9%	3,210	34.5%	1,180	12.7%	9,320
23	Bureau, Knox, Marshall, Putnam, Stark	1,570	17.3%	3,290	36.3%	3,010	33.1%	1,210	13.3%	9,070
24	DeKalb, Lee	1,980	17.8%	5,260	47.3%	2,680	24.1%	1,190	10.7%	11,110
25	Ogle, Stephenson	1,430	20.8%	2,170	31.6%	2,410	35.0%	880	12.7%	6,880
26	Boone, Winnebago	5,320	19.7%	10,000	37.0%	8,740	32.3%	2,990	11.1%	27,050
27	Kane, Kendall, McHenry	13,310	20.8%	24,980	39.0%	19,440	30.3%	6,370	9.9%	64,100
28	Grundy, Will	9,720	21.4%	18,140	39.9%	13,230	29.1%	4,410	9.7%	45,500
29	DuPage	11,260	20.3%	19,030	34.3%	17,430	31.4%	7,710	13.9%	55,420
30	Lake	10,570	22.0%	17,150	35.8%	15,000	31.3%	5,250	10.9%	47,970
31	Cook	70,630	17.1%	156,530	37.8%	137,460	33.2%	49,630	12.0%	414,260
Total, all counties		**178,640**	**18.7%**	**360,540**	**37.7%**	**305,010**	**31.9%**	**113,270**	**11.8%**	**957,440**

Notes: Estimates prepared by The Lewin Group for Families USA (methodology available upon request). Data are for those with incomes below 400 percent of the federal poverty level. Numbers may not add due to rounding.

Table 8. Illinoisans Eligible for Premium Tax Credits, Distribution by Race/Ethnicity and County, 2014

	County Name(s)	White, Non-Hispanic		Black, Non-Hispanic		Hispanic		Other*		Total
		Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number
1	Carroll, Henry, Jo Daviess, Mercer, Rock Island, Whiteside	17,350	77.9%	990	4.5%	3,000	13.5%	930	4.2%	22,270
2	Fulton, Hancock, Henderson, McDonough, Warren	9,380	94.5%	60	0.6%	190	1.9%	290	2.9%	9,920
3	Adams, Brown, Mason, Pike, Schuyler	8,270	93.3%	180	2.1%	40	0.4%	370	4.2%	8,860
4	Calhoun, Cass, Greene, Macoupin, Morgan, Scott	8,350	94.0%	210	2.3%	180	2.1%	140	1.6%	8,890
5	Bond, Effingham, Fayette, Montgomery	8,450	95.3%	110	1.2%	180	2.1%	130	1.5%	8,860
6	Coles, Cumberland, Douglas, Edgar	8,960	92.8%	230	2.3%	230	2.4%	240	2.5%	9,660
7	Clark, Clay, Crawford, Jasper, Lawrence, Richland, Wayne	10,160	95.9%	120	1.2%	10	0.1%	310	2.9%	10,600
8	Alexander, Edwards, Gallatin, Hamilton, Hardin, Johnson, Massac, Pope, Pulaski, Saline, Union, Wabash, White	10,550	90.9%	350	3.1%	400	3.4%	310	2.7%	11,600
9	Franklin, Jackson, Perry, Williamson	14,200	89.2%	690	4.3%	330	2.1%	710	4.4%	15,920
10	Jefferson, Marion, Randolph, Washington	9,740	93.4%	260	2.5%	250	2.4%	190	1.8%	10,430
11	Clinton, Monroe, St. Clair	16,290	66.7%	5,800	23.8%	1,120	4.6%	1,200	4.9%	24,420
12	Jersey, Madison	17,880	86.6%	1,360	6.6%	740	3.6%	660	3.2%	20,640
13	Logan, Menard, Sangamon	11,870	81.4%	1,880	12.9%	330	2.3%	510	3.5%	14,590
14	Macon	6,800	77.9%	1,220	14.0%	200	2.2%	510	5.9%	8,730
15	Christian, De Witt, Moultrie, Piatt, Shelby	7,240	95.4%	20	0.3%	80	1.1%	250	3.3%	7,600
16	Peoria, Woodford	11,650	77.4%	1,980	13.2%	550	3.6%	880	5.8%	15,050
17	Tazewell	9,530	94.0%	20	0.2%	280	2.8%	300	2.9%	10,130
18	McLean	8,340	80.6%	670	6.4%	630	6.1%	710	6.9%	10,350
19	Champaign	11,280	72.8%	1,360	8.8%	1,020	6.6%	1,830	11.8%	15,500
20	Ford, Iroquois, Livingston, Vermilion	11,350	84.0%	780	5.7%	920	6.8%	470	3.4%	13,510
21	Kankakee	6,490	70.2%	1,420	15.4%	1,150	12.4%	180	2.0%	9,240
22	La Salle	7,980	85.6%	70	0.7%	1,040	11.1%	240	2.5%	9,320
23	Bureau, Knox, Marshall, Putnam, Stark	7,970	87.8%	280	3.1%	680	7.5%	150	1.6%	9,070
24	DeKalb, Lee	8,870	79.9%	640	5.7%	1,020	9.2%	580	5.2%	11,110
25	Ogle, Stephenson	5,510	80.1%	470	6.9%	760	11.1%	140	2.0%	6,880
26	Boone, Winnebago	17,750	65.6%	2,450	9.0%	5,760	21.3%	1,100	4.1%	27,050
27	Kane, Kendall, McHenry	35,230	55.0%	2,390	3.7%	23,240	36.3%	3,240	5.1%	64,100
28	Grundy, Will	25,960	57.1%	4,920	10.8%	11,430	25.1%	3,190	7.0%	45,500
29	DuPage	31,540	56.9%	2,730	4.9%	12,940	23.4%	8,210	14.8%	55,420
30	Lake	23,870	49.8%	2,980	6.2%	16,400	34.2%	4,720	9.8%	47,970
31	Cook	135,690	32.8%	98,800	23.9%	145,720	35.2%	34,050	8.2%	414,260
Total, all counties		**524,480**	**54.8%**	**135,420**	**14.1%**	**230,810**	**24.1%**	**66,730**	**7.0%**	**957,440**

Notes: Estimates prepared by The Lewin Group for Families USA (methodology available upon request). Data are for those with incomes below 400 percent of the federal poverty level. Numbers may not add due to rounding.

* The category "other" includes those who identify themselves as American Indian, Aleut or Eskimo, Asian or Pacific Islander, or as a member of more than one group.

Discussion

With the passage of the Affordable Care Act comes the promise of affordable health coverage for millions of Americans. In 2010-2011, nearly 1.9 million Illinoisans were uninsured.[2] The new premium tax credits, which are entirely financed by the federal government, will provide much-needed relief to hundreds of thousands of low- to moderate-income uninsured and underinsured Illinoisans. This relief will ensure that they will be better able to purchase affordable private health insurance through the new health insurance marketplaces (see "The New Health Insurance Marketplaces" on page 14). Starting in October of this year, individuals and families can begin enrolling in the insurance marketplaces, and they will benefit from this tax relief when the new coverage begins in January 2014. More than 957,000 Illinoisans will be eligible for premium tax credits in the first year that the state marketplace is operational. The size of the credit that individuals and families will be eligible to receive will depend on their income, and the lower a person's income, the larger his or her tax credit will be. This will ensure that the assistance goes to those who need it the most.

Eligibility for Tax Credits

Generally, the tax credits will be available to uninsured individuals and families who have incomes between 138 and 400 percent of poverty (between $15,860 and $45,960 for an individual, and between $32,500 and $94,200 for a family of four in 2013). Some people with incomes below 138 percent of poverty who do not qualify for Medicaid (mainly immigrants who are legal residents but who have been in the United States for fewer than five years) will be eligible for tax credits as well. Workers who would have to pay more than 9.5 percent of their wages to participate in their employer's plan, and workers whose employer plan pays less than 60 percent of the cost of covered benefits, will also be eligible for the tax credits to help purchase coverage in the state marketplaces.

What Will Happen When a Family Receives a Tax Credit?

When a person or family qualifies for a tax credit, the dollars from the credit will flow directly to the health plan in which the individual or family enrolls, offsetting the total cost of the family's health insurance premiums for that plan.

The tax credits will be fully advanceable. This means that the tax credit will be available to pay the premium at the time the person enrolls in a plan. Thus, families will not need to wait until their taxes have been filed and processed in order to receive the credit and enroll in coverage, nor will they need to pay the full premium at the time of enrollment and then wait to be reimbursed.

Finally, the tax credit will be refundable, which means that families with very low incomes who do not owe taxes will be eligible for these tax credits to assist with the cost of premiums. However, the majority of these very low-income families will be eligible for Medicaid, and hence, ineligible for premium tax credits.

How Much Will the Tax Credits Be Worth?

As described earlier, the size of the tax credit that an individual or family will be eligible for will depend on the individual's or family's income. And how much coverage that credit will help buy will depend on the plan that the individual or family chooses. The new state marketplaces will offer a range of plans with four different coverage levels (from lowest to highest coverage level): bronze, silver, gold, and platinum. The calculations of the size of the tax credits will be linked to the second lowest-cost silver plan, also known as the "silver reference plan." Below, we describe how income and plan choice come together to determine what an individual or family will have to pay out of pocket.

- To determine the size of an individual's or family's tax credit, start with their income. The family's household income will be used to determine the maximum premium contribution the family must pay for a particular "reference plan," described below. This maximum amount—a maximum percentage of family income—will be based on a sliding scale, and those with the lowest incomes will pay the smallest proportion of their incomes on premiums.
- Next, identify the premiums for the second lowest-cost silver plan that is available to the individual or family in the area in which they live. The tax credit amount will be set so that the individual or family will not have to spend more than a specific percentage of their income on premiums for this plan. For example, a family of four with an income of $47,100 a year would not have to pay more than 6.3 percent of their income toward premiums for a silver plan and would get a tax credit of $9,530 (see Table 10). Therefore, they would not have to pay more than $247 a month for the silver reference plan that covers their entire family.
- An individual or family will be free to pick any plan that is available through an exchange. However, the individual's or family's tax credit amount will be based on the premium for the silver reference plan. If a consumer selects a more expensive plan, he or she will pay the difference in price between this more expensive plan and the silver reference plan out of pocket. If a consumer selects a cheaper plan, he or she will still receive the tax credit amount based on the silver reference plan and thus will spend less out of pocket on the premiums for this cheaper plan.
- In addition to premium assistance, some families will be eligible for more help with copayments, deductibles, and other cost-sharing. However, this help is available only for those who choose a silver plan (see "Additional Help with Out-of-Pocket Health Care Costs" on page 15).

Table 9.

Examples of Premium Tax Credits for an Individual

Income		Premium Contribution as a Percent of Income	Example of Premium Tax Credit
Income as a Percent of Poverty	Annual Income		
138%	$15,860	3.3%	$4,480
150%	$17,235	4.0%	$4,310
200%	$22,980	6.3%	$3,550
250%	$28,725	8.1%	$2,690
300%	$34,470	9.5%	$1,730
400%	$45,960	9.5%	$630

Note: Based on an individual with premiums of $5,000 and 2013 federal poverty levels.

Table 10.

Examples of Premium Tax Credits for a Family of Four

Income		Premium Contribution as a Percent of Income	Example of Premium Tax Credit
Income as a Percent of Poverty	Annual Income		
138%	$32,500	3.3%	$11,430
150%	$35,325	4.0%	$11,090
200%	$47,100	6.3%	$9,530
250%	$58,875	8.1%	$7,760
300%	$70,650	9.5%	$5,790
400%	$94,200	9.5%	$3,550

Note: Based on a family of four with premiums of $12,500 and 2013 federal poverty levels.

The New Health Insurance Marketplaces

The Affordable Care Act requires every state to have a new regulated insurance marketplace, or exchange, where consumers and small businesses can purchase health insurance plans and apply for help with the cost of coverage. While every state must have a new marketplace, states are taking different approaches to getting the job done. Some states are setting up their own marketplaces, other states are partnering with the federal government to take on specific tasks and functions, and in some states, the federal government will establish the new marketplaces. Regardless of the approach, every marketplace will provide important new consumer protections.

When shopping in the new marketplaces, consumers and small businesses will know what they are getting for their money. All plans sold in the marketplaces must meet certain consumer protection and quality standards so that shoppers do not end up with surprising holes in their coverage. The new marketplaces will, among other things, certify that plans meet minimum requirements, such as having sufficient provider networks, implementing user-friendly quality reporting, and using marketing materials that are fair and accurate. Insurance companies will have to clearly explain what care is covered in every plan and at what cost. This information must be presented in a standardized, consumer-friendly format. This transparency will help people shop for the best plan for the price, *and* it will promote competition among plans. Under the Affordable Care Act, insurers that sell plans in the new marketplaces—just like plans that are sold outside the exchanges—will not be allowed to deny coverage to people with pre-existing conditions or to charge exorbitant premiums, which will keep costs down for individuals and businesses.

The new marketplaces will be a one-stop shop where consumers can enroll in health coverage. These new marketplaces will help consumers apply for the new premium tax credits, and they will calculate the amount of the tax credit that consumers will receive. The marketplaces will also help lower-income consumers apply for Medicaid, the Children's Health Insurance Program (CHIP), and other public programs. All marketplaces will use one standardized application that is designed to help consumers find out which coverage and financial assistance options they are eligible for. They will also be required to have consumer-friendly websites, as well as toll-free telephone help lines. Perhaps most importantly, every marketplace will have a network of people who are trained and certified to conduct public education and outreach, and to provide in-person assistance with the application process for premium tax credits, Medicaid, and CHIP. These assisters will also help shoppers select the insurance option that best meets their needs.

Comprehensive Coverage under the Affordable Care Act

Under the Affordable Care Act, health insurance plans must meet a set of minimum requirements to ensure that consumers are getting the coverage they need. All plans that are sold directly to individuals and small businesses must cover a package of "essential health benefits." The general categories of required services in this package include outpatient care, emergency care, hospitalization, prescription drugs, maternity and newborn care, mental health and substance abuse treatment, rehabilitative and habilitative care, laboratory services, preventive and wellness services, chronic disease management, and pediatric services (including dental and vision care). Together, the premium tax credits and these essential health benefit requirements will ensure that those who buy insurance in the new marketplaces will be getting *affordable*, comprehensive coverage.

Additional Help with Out-of-Pocket Health Care Costs

The Affordable Care Act has a number of provisions that are meant to protect individuals and families from high out-of-pocket spending. Annual and lifetime dollar caps on covered benefits will no longer be permitted. This means that consumers who pay for health coverage won't run out of coverage if they develop health problems that are costly to treat. The Affordable Care Act also established caps on the amount an individual or family has to spend on out-of-pocket costs (i.e., deductibles, copayments, and co-insurance) for health services that are part of the essential benefits packages. Furthermore, additional cost-sharing assistance will be available to individuals and families with incomes up to 250 percent of poverty (about $28,725 for an individual or $58,875 for a family of four in 2013). This cost-sharing assistance will increase the proportion of health care costs that an individual or family's plan pays for. It will be available to people who purchase silver plans in the new health insurance marketplaces.

Conclusion

Health reform will provide significant help to more than 957,000 Illinoisans who will become eligible for premium tax credits in 2014. This assistance, along with several important new consumer protections, will allow individuals and families to purchase affordable health coverage even if they have pre-existing conditions, and even if they change jobs or experience a drop in income. This, in turn, means added economic security for Illinois' working families. As we draw closer to October 2013, when open enrollment begins, it is critical that states and the federal government work closely together to educate the public about how the new tax credits will work and to make it as simple as possible to connect people to this significant new source of help with the cost of health insurance.

Assumptions about the Population Eligible for Premium Tax Credits

The premium tax credits are available only to uninsured people with family incomes at or above 100 percent of the federal poverty level. This is because those who crafted the health care law assumed that uninsured people with incomes below 100 percent of poverty would be enrolled in Medicaid. Medicaid provides out-of-pocket spending protections and additional benefits that are important for coverage to be meaningful for people with such low incomes. If Illinois does not expand its Medicaid program, most uninsured people with family incomes below 100 percent of poverty will be left without any financial help or affordable insurance options. States that refuse to expand Medicaid, despite the generous federal support offered, will be condemning their most vulnerable residents to remain in the ranks of the uninsured.

For our analysis, we assumed that Illinois will take advantage of the opportunity to expand Medicaid to all Illinoisans with incomes up to 138 percent* of the federal poverty level ($15,860 for an individual or $32,500 for a family of four in 2013). Under the Affordable Care Act, Illinoisans who are eligible for Medicaid (that is, all families with incomes at or below 138 percent of the federal poverty level) will not be eligible for premium tax credits.

Our analysis also takes into account one exception to the income eligibility rules for premium tax credits: The Affordable Care Act allows any legal U.S. residents who are not eligible for Medicaid due to the Medicaid program's five-year ban rule (even if they have income below 100 percent of poverty) to receive premium tax credits. Therefore, our estimates of the number of people who will be eligible for premium tax credits do include legal residents with incomes below 138 percent of poverty who would not be eligible for Medicaid under the five-year ban rule.

*Under the Affordable Care Act, the first 5 percent of income is not counted, or "disregarded." This means that the eligibility threshold for Medicaid is 138 percent of poverty, not 133 percent of poverty.

Endnotes

[1] Office of the Assistant Secretary of Planning and Evaluation, *2013 Federal Poverty Guidelines* (Washington: Department of Health and Human Services, January 24, 2013).

[2] Families USA analysis of U.S. Census Bureau's Current Population Survey, *Annual Social and Economic Supplement, 2013*, using the CPS Table Creator, available online at http://www.census.gov/cps/data/cpstablecreator.html.

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