



New Health Insurance
Tax Credits in New York

Families USA

**Help Is at Hand:
New Health Insurance Tax Credits in New York**

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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 New Yorkers to purchase quality health coverage.

This report takes a closer look at these premium tax credits in New York, which will help New Yorkers 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 New York and across the country could benefit from the new premium tax credits in 2014. We found that an estimated 1.5 million New Yorkers 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 New York, 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, New York 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 New Yorkers 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 New York.

Numbers of People Eligible for the Premium Tax Credit

- Statewide, more than 1.5 million New Yorkers 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 six in 10 (about 61 percent) of New Yorkers who will be eligible for premium tax credits (see Table 1).

Table 1.

New Yorkers 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%	588,290	38.7%
200-399%	929,900	61.3%
Total	1,518,190	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 New Yorkers who will be eligible for premium tax credits—about 88 percent—will be in working families.
- Statewide, more than 1.3 million people, the majority of New Yorkers 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.

New Yorkers 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*	1,333,550	87.8%
Not Employed*	184,640	12.2%
Total	1,518,190	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 New Yorkers in all age groups, from hardworking New Yorkers 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 about 40 percent of all those who will be eligible (see Table 3).

Table 3.

New Yorkers 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	253,130	16.7%
18-34	603,520	39.8%
35-54	486,280	32.0%
55 and over	175,280	11.5%
Total	1,518,190	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

- About half (approximately 49 percent) of the New Yorkers who will be eligible for premium tax credits will be white, non-Hispanics (see Table 4).
- Approximately 15 percent of the New Yorkers who will be eligible will be black, non-Hispanics (see Table 4).
- About a quarter (approximately 26 percent) of the New Yorkers who will be eligible will be Hispanics (see Table 4).
- Approximately 10 percent of the New Yorkers 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).

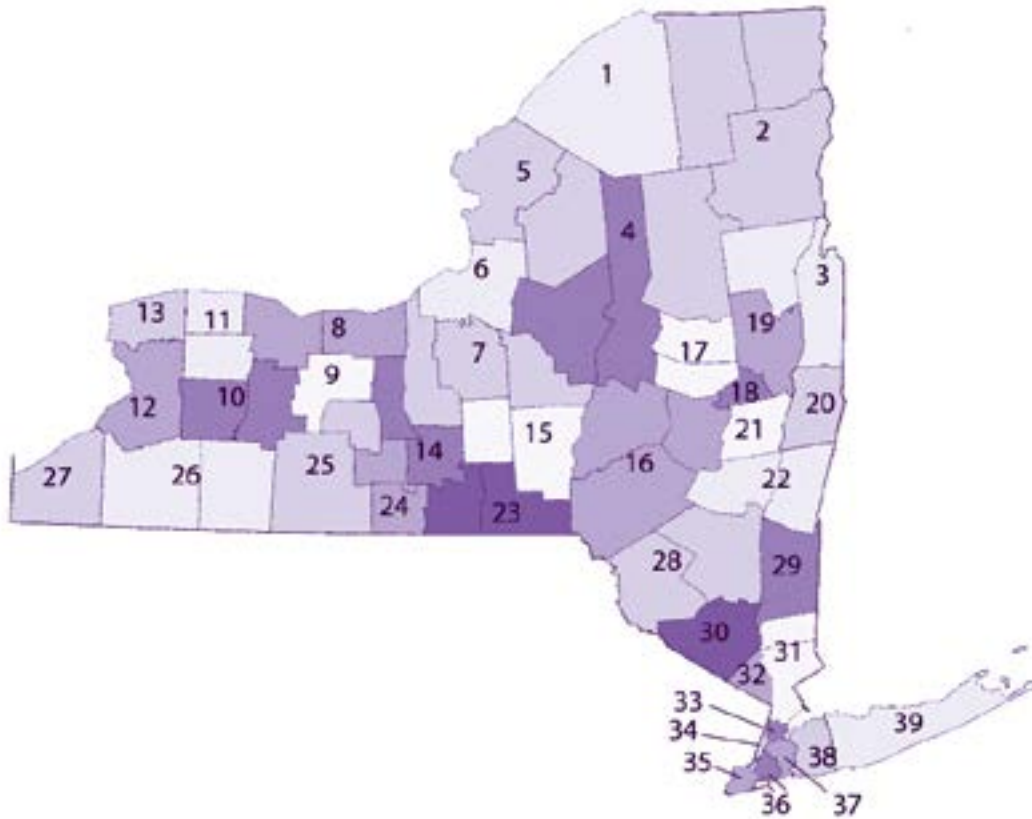
Table 4.

New Yorkers 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	740,890	48.8%
Black, Non-Hispanic	222,190	14.6%
Hispanic	399,320	26.3%
Other*	155,800	10.3%
Total	1,518,190	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.



New York County Locations

1	St. Lawrence	14	Seneca, Tompkins	27	Chautauqua
2	Clinton, Essex, Franklin, Hamilton	15	Chenango, Cortland	28	Sullivan, Ulster
3	Warren, Washington	16	Delaware, Otsego, Schoharie	29	Dutchess
4	Herkimer, Oneida	17	Fulton, Montgomery	30	Orange
5	Jefferson, Lewis	18	Schenectady	31	Putnam, Westchester
6	Oswego	19	Saratoga	32	Rockland
7	Cayuga, Madison, Onondaga	20	Rensselaer	33	Bronx
8	Monroe, Wayne	21	Albany	34	New York
9	Ontario	22	Columbia, Greene	35	Richmond
10	Livingston, Wyoming	23	Broome, Tioga	36	Kings
11	Genesee, Orleans	24	Chemung, Schuyler	37	Queens
12	Erie	25	Steuben, Yates	38	Nassau
13	Niagara	26	Allegany, Cattaraugus	39	Suffolk

Table 5. New Yorkers 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 St. Lawrence	3,980	39.6%	6,070	60.4%	10,050
2 Clinton, Essex, Franklin, Hamilton	4,670	37.6%	7,740	62.4%	12,410
3 Warren, Washington	5,600	40.2%	8,310	59.8%	13,900
4 Herkimer, Oneida	9,590	38.6%	15,260	61.4%	24,850
5 Jefferson, Lewis	5,530	38.1%	8,980	61.9%	14,510
6 Oswego	4,150	40.1%	6,210	59.9%	10,370
7 Cayuga, Madison, Onondaga	17,480	37.5%	29,140	62.5%	46,620
8 Monroe, Wayne	21,380	40.2%	31,790	59.8%	53,170
9 Ontario	2,770	35.4%	5,040	64.6%	7,810
10 Livingston, Wyoming	3,010	39.0%	4,700	61.0%	7,710
11 Genesee, Orleans	2,830	35.1%	5,240	64.9%	8,080
12 Erie	25,410	39.9%	38,240	60.1%	63,640
13 Niagara	7,100	39.2%	11,020	60.8%	18,120
14 Seneca, Tompkins	5,450	47.6%	5,990	52.4%	11,440
15 Chenango, Cortland	3,570	37.3%	6,010	62.8%	9,570
16 Delaware, Otsego, Schoharie	4,780	38.6%	7,610	61.4%	12,390
17 Fulton, Montgomery	3,460	39.8%	5,230	60.2%	8,680
18 Schenectady	3,940	33.2%	7,920	66.8%	11,860
19 Saratoga	4,980	35.2%	9,170	64.8%	14,150
20 Rensselaer	3,790	32.1%	8,030	67.9%	11,820
21 Albany	6,530	36.8%	11,220	63.2%	17,750
22 Columbia, Greene	3,980	40.2%	5,920	59.8%	9,900
23 Broome, Tioga	8,250	45.4%	9,920	54.6%	18,170
24 Chemung, Schuyler	3,440	36.3%	6,020	63.7%	9,460
25 Steuben, Yates	4,290	40.4%	6,340	59.6%	10,630
26 Allegany, Cattaraugus	5,180	44.3%	6,500	55.7%	11,680
27 Chautauqua	5,010	42.5%	6,790	57.5%	11,800
28 Sullivan, Ulster	7,780	35.6%	14,070	64.4%	21,840
29 Dutchess	6,740	35.3%	12,370	64.7%	19,110
30 Orange	10,420	35.0%	19,380	65.0%	29,790
31 Putnam, Westchester	24,210	38.2%	39,150	61.8%	63,370
32 Rockland	7,130	40.0%	10,690	60.0%	17,820
33 Bronx	59,340	43.6%	76,650	56.4%	135,990
34 New York	46,360	42.4%	62,990	57.6%	109,350
35 Richmond	10,330	32.3%	21,630	67.7%	31,960
36 Kings	95,530	42.3%	130,460	57.7%	226,000
37 Queens	86,500	37.0%	147,140	63.0%	233,640
38 Nassau	24,650	33.1%	49,790	66.9%	74,440
39 Suffolk	29,170	30.9%	65,180	69.1%	94,350
Total, all counties	588,290	38.7%	929,900	61.3%	1,518,190

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. New Yorkers Eligible for Premium Tax Credits,
Distribution by Family Employment Status and County, 2014**

County Name(s)	Employed*		Not Employed*		Total Number
	Number	Percent	Number	Percent	
1 St. Lawrence	8,970	89.3%	1,080	10.7%	10,050
2 Clinton, Essex, Franklin, Hamilton	11,120	89.6%	1,290	10.4%	12,410
3 Warren, Washington	12,650	91.0%	1,250	9.0%	13,900
4 Herkimer, Oneida	22,240	89.5%	2,610	10.5%	24,850
5 Jefferson, Lewis	12,670	87.3%	1,840	12.7%	14,510
6 Oswego	9,230	89.1%	1,140	11.0%	10,370
7 Cayuga, Madison, Onondaga	42,100	90.3%	4,520	9.7%	46,620
8 Monroe, Wayne	47,170	88.7%	6,010	11.3%	53,170
9 Ontario	7,100	90.9%	710	9.1%	7,810
10 Livingston, Wyoming	7,010	91.0%	700	9.0%	7,710
11 Genesee, Orleans	7,240	89.7%	830	10.3%	8,080
12 Erie	56,730	89.1%	6,910	10.9%	63,640
13 Niagara	16,360	90.3%	1,760	9.7%	18,120
14 Seneca, Tompkins	10,240	89.5%	1,200	10.5%	11,440
15 Chenango, Cortland	8,700	90.9%	870	9.1%	9,570
16 Delaware, Otsego, Schoharie	11,130	89.9%	1,260	10.1%	12,390
17 Fulton, Montgomery	7,660	88.3%	1,020	11.7%	8,680
18 Schenectady	10,540	88.9%	1,310	11.1%	11,860
19 Saratoga	12,850	90.8%	1,310	9.2%	14,150
20 Rensselaer	10,790	91.3%	1,030	8.7%	11,820
21 Albany	15,870	89.4%	1,880	10.6%	17,750
22 Columbia, Greene	8,940	90.3%	960	9.7%	9,900
23 Broome, Tioga	16,350	90.0%	1,820	10.0%	18,170
24 Chemung, Schuyler	8,560	90.5%	900	9.5%	9,460
25 Steuben, Yates	9,560	89.9%	1,080	10.1%	10,630
26 Allegany, Cattaraugus	10,480	89.7%	1,210	10.3%	11,680
27 Chautauqua	10,460	88.6%	1,340	11.4%	11,800
28 Sullivan, Ulster	19,750	90.4%	2,090	9.6%	21,840
29 Dutchess	17,170	89.8%	1,940	10.2%	19,110
30 Orange	26,430	88.7%	3,360	11.3%	29,790
31 Putnam, Westchester	55,750	88.0%	7,610	12.0%	63,370
32 Rockland	15,720	88.2%	2,100	11.8%	17,820
33 Bronx	118,780	87.3%	17,210	12.7%	135,990
34 New York	94,980	86.9%	14,370	13.1%	109,350
35 Richmond	27,540	86.1%	4,430	13.9%	31,960
36 Kings	195,640	86.6%	30,360	13.4%	226,000
37 Queens	199,680	85.5%	33,950	14.5%	233,640
38 Nassau	65,120	87.5%	9,320	12.5%	74,440
39 Suffolk	84,270	89.3%	10,080	10.7%	94,350
Total, all counties	1,333,550	87.8%	184,640	12.2%	1,518,190

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. New Yorkers 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
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	
1 St. Lawrence	1,790	17.8%	4,280	42.6%	3,000	29.9%	980	9.8%	10,050
2 Clinton, Essex, Franklin, Hamilton	2,160	17.4%	5,110	41.2%	3,870	31.2%	1,270	10.2%	12,410
3 Warren, Washington	2,040	14.7%	5,580	40.1%	4,770	34.3%	1,520	10.9%	13,900
4 Herkimer, Oneida	4,410	17.8%	9,900	39.9%	7,790	31.3%	2,750	11.1%	24,850
5 Jefferson, Lewis	2,820	19.4%	6,550	45.1%	4,330	29.9%	810	5.5%	14,510
6 Oswego	1,660	16.0%	4,390	42.4%	3,250	31.4%	1,060	10.2%	10,370
7 Cayuga, Madison, Onondaga	8,250	17.7%	18,740	40.2%	14,430	30.9%	5,200	11.1%	46,620
8 Monroe, Wayne	9,160	17.2%	21,040	39.6%	16,440	30.9%	6,540	12.3%	53,170
9 Ontario	1,180	15.1%	3,090	39.6%	2,540	32.5%	1,000	12.8%	7,810
10 Livingston, Wyoming	1,210	15.7%	3,420	44.4%	2,150	27.8%	930	12.1%	7,710
11 Genesee, Orleans	1,390	17.2%	2,870	35.5%	2,750	34.0%	1,070	13.3%	8,080
12 Erie	11,130	17.5%	25,840	40.6%	19,190	30.1%	7,490	11.8%	63,640
13 Niagara	3,110	17.1%	7,260	40.1%	5,840	32.2%	1,910	10.5%	18,120
14 Seneca, Tompkins	1,570	13.8%	6,290	55.0%	2,450	21.4%	1,130	9.8%	11,440
15 Chenango, Cortland	1,690	17.7%	4,030	42.1%	2,890	30.2%	970	10.1%	9,570
16 Delaware, Otsego, Schoharie	1,830	14.8%	5,390	43.5%	3,880	31.3%	1,290	10.4%	12,390
17 Fulton, Montgomery	1,660	19.1%	3,230	37.2%	2,840	32.7%	950	11.0%	8,680
18 Schenectady	2,220	18.7%	4,580	38.7%	3,820	32.2%	1,240	10.4%	11,860
19 Saratoga	2,380	16.8%	5,610	39.6%	4,580	32.4%	1,590	11.2%	14,150
20 Rensselaer	2,060	17.4%	5,190	43.9%	3,350	28.4%	1,220	10.3%	11,820
21 Albany	2,890	16.3%	7,590	42.8%	5,130	28.9%	2,140	12.0%	17,750
22 Columbia, Greene	1,540	15.5%	3,590	36.3%	3,380	34.1%	1,400	14.1%	9,900
23 Broome, Tioga	3,140	17.3%	7,810	43.0%	5,210	28.6%	2,020	11.1%	18,170
24 Chemung, Schuyler	1,820	19.2%	3,510	37.1%	3,060	32.4%	1,070	11.3%	9,460
25 Steuben, Yates	1,880	17.7%	4,340	40.8%	3,220	30.3%	1,190	11.2%	10,630
26 Allegany, Cattaraugus	2,080	17.8%	4,730	40.5%	3,550	30.4%	1,330	11.3%	11,680
27 Chautauqua	1,960	16.6%	4,840	41.0%	3,650	30.9%	1,360	11.5%	11,800
28 Sullivan, Ulster	3,410	15.6%	8,720	39.9%	7,120	32.6%	2,590	11.9%	21,840
29 Dutchess	3,170	16.6%	8,070	42.2%	5,890	30.8%	1,990	10.4%	19,110
30 Orange	6,060	20.3%	12,270	41.2%	8,780	29.5%	2,680	9.0%	29,790
31 Putnam, Westchester	10,810	17.1%	24,030	37.9%	20,460	32.3%	8,070	12.7%	63,370
32 Rockland	3,490	19.6%	7,070	39.7%	4,960	27.8%	2,310	12.9%	17,820
33 Bronx	24,370	17.9%	53,980	39.7%	45,140	33.2%	12,510	9.2%	135,990
34 New York	12,280	11.2%	45,850	41.9%	38,370	35.1%	12,860	11.8%	109,350
35 Richmond	5,980	18.7%	12,710	39.8%	9,830	30.8%	3,450	10.8%	31,960
36 Kings	39,030	17.3%	90,420	40.0%	70,360	31.1%	26,190	11.6%	226,000
37 Queens	35,360	15.1%	86,570	37.1%	81,750	35.0%	29,960	12.8%	233,640
38 Nassau	13,010	17.5%	28,190	37.9%	22,940	30.8%	10,310	13.9%	74,440
39 Suffolk	17,150	18.2%	36,850	39.1%	29,370	31.1%	10,980	11.6%	94,350
Total, all counties	253,130	16.7%	603,520	39.8%	486,280	32.0%	175,280	11.5%	1,518,190

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. New Yorkers 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
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	
1 St. Lawrence	8,840	87.9%	470	4.6%	170	1.7%	570	5.7%	10,050
2 Clinton, Essex, Franklin, Hamilton	11,330	91.3%	60	0.5%	320	2.6%	710	5.7%	12,410
3 Warren, Washington	13,180	94.8%	120	0.9%	240	1.7%	370	2.6%	13,900
4 Herkimer, Oneida	21,490	86.5%	960	3.9%	1,260	5.1%	1,140	4.6%	24,850
5 Jefferson, Lewis	12,460	85.9%	420	2.9%	930	6.4%	700	4.8%	14,510
6 Oswego	9,720	93.8%	60	0.5%	290	2.8%	300	2.9%	10,370
7 Cayuga, Madison, Onondaga	37,570	80.6%	3,920	8.4%	2,400	5.1%	2,740	5.9%	46,620
8 Monroe, Wayne	38,100	71.7%	7,030	13.2%	5,110	9.6%	2,930	5.5%	53,170
9 Ontario	6,960	89.1%	190	2.5%	420	5.4%	230	3.0%	7,810
10 Livingston, Wyoming	7,160	93.0%	30	0.4%	240	3.1%	280	3.6%	7,710
11 Genesee, Orleans	7,120	88.2%	260	3.2%	240	2.9%	460	5.6%	8,080
12 Erie	47,230	74.2%	9,130	14.3%	4,280	6.7%	3,000	4.7%	63,640
13 Niagara	15,330	84.6%	1,110	6.1%	630	3.5%	1,040	5.8%	18,120
14 Seneca, Tompkins	9,240	80.8%	230	2.0%	530	4.7%	1,430	12.5%	11,440
15 Chenango, Cortland	8,990	93.8%	150	1.6%	230	2.4%	210	2.2%	9,570
16 Delaware, Otsego, Schoharie	11,400	92.0%	120	1.0%	540	4.4%	330	2.6%	12,390
17 Fulton, Montgomery	7,660	88.2%	50	0.6%	750	8.6%	220	2.6%	8,680
18 Schenectady	8,480	71.5%	1,100	9.3%	1,250	10.5%	1,040	8.7%	11,860
19 Saratoga	12,590	89.0%	260	1.9%	590	4.2%	710	5.0%	14,150
20 Rensselaer	9,840	83.3%	510	4.3%	700	5.9%	770	6.5%	11,820
21 Albany	12,710	71.6%	2,160	12.2%	1,300	7.3%	1,580	8.9%	17,750
22 Columbia, Greene	8,590	86.7%	290	3.0%	760	7.7%	260	2.6%	9,900
23 Broome, Tioga	15,720	86.5%	650	3.6%	690	3.8%	1,110	6.1%	18,170
24 Chemung, Schuyler	8,530	90.1%	310	3.3%	180	1.9%	450	4.8%	9,460
25 Steuben, Yates	9,870	92.8%	100	0.9%	260	2.5%	400	3.8%	10,630
26 Allegany, Cattaraugus	10,870	93.0%	140	1.2%	220	1.9%	450	3.9%	11,680
27 Chautauqua	10,520	89.1%	220	1.9%	800	6.7%	270	2.2%	11,800
28 Sullivan, Ulster	16,530	75.7%	1,310	6.0%	3,130	14.3%	870	4.0%	21,840
29 Dutchess	12,690	66.4%	1,690	8.8%	3,560	18.6%	1,190	6.2%	19,110
30 Orange	17,020	57.1%	2,830	9.5%	8,480	28.5%	1,460	4.9%	29,790
31 Putnam, Westchester	28,120	44.4%	8,850	14.0%	21,100	33.3%	5,300	8.4%	63,370
32 Rockland	10,030	56.3%	1,950	10.9%	4,410	24.8%	1,430	8.0%	17,820
33 Bronx	10,890	8.0%	31,820	23.4%	86,640	63.7%	6,640	4.9%	135,990
34 New York	40,650	37.2%	15,170	13.9%	39,810	36.4%	13,720	12.5%	109,350
35 Richmond	16,700	52.2%	3,050	9.5%	8,860	27.7%	3,350	10.5%	31,960
36 Kings	65,360	28.9%	69,640	30.8%	64,760	28.7%	26,240	11.6%	226,000
37 Queens	46,720	20.0%	37,880	16.2%	90,290	38.6%	58,750	25.1%	233,640
38 Nassau	38,760	52.1%	9,820	13.2%	18,220	24.5%	7,640	10.3%	74,440
39 Suffolk	55,940	59.3%	8,140	8.6%	24,740	26.2%	5,530	5.9%	94,350
Total, all counties	740,890	48.8%	222,190	14.6%	399,320	26.3%	155,800	10.3%	1,518,190

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, more than 2.6 million New Yorkers 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 New Yorkers. 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 1.5 million New Yorkers 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 1.5 million New Yorkers 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 New York's 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 New York 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 New York will take advantage of the opportunity to expand Medicaid to all New Yorkers 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, New Yorkers 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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