Help Is At Hand:

New Health Insurance Tax Credits in Ohio

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 Ohioans to purchase quality health coverage.

This report takes a closer look at these premium tax credits in Ohio, which will help Ohioans 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 Ohio and across the country could benefit from the new premium tax credits in 2014. We found that an estimated 916,000 Ohioans 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 Ohio, 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, Ohio 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 Ohioans 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 Ohio.

Numbers of People Eligible for the Premium Tax Credit

- Statewide, nearly 916,000 Ohioans 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 percent) of Ohioans who will be eligible for premium tax credits (see Table 1).

Table 1.

Ohioans 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%	404,460	44.2%
200-399%	511,460	55.8%
Total	**915,890**	**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 Ohioans who will be eligible for premium tax credits—about 90 percent—will be in working families.
- Statewide, more than 829,000 people, the majority of Ohioans 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.

Ohioans 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*	829,490	90.6%
Not Employed*	86,410	9.4%
Total	**915,890**	**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 Ohioans in all age groups, from hardworking Ohioans 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 approximately 35 percent of all those who will be eligible (see Table 3).

Table 3.

Ohioans 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	182,170	19.9%
18-34	324,890	35.5%
35-54	278,590	30.4%
55 and over	130,270	14.2%
Total	**915,890**	**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 81 percent of the Ohioans who will be eligible for premium tax credits will be white, non-Hispanics (see Table 4).
- About 11 percent of the Ohioans who will be eligible will be black, non-Hispanics (see Table 4).
- About 4 percent of the Ohioans who will be eligible will be Hispanics (see Table 4).
- Approximately 4 percent of the Ohioans 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).

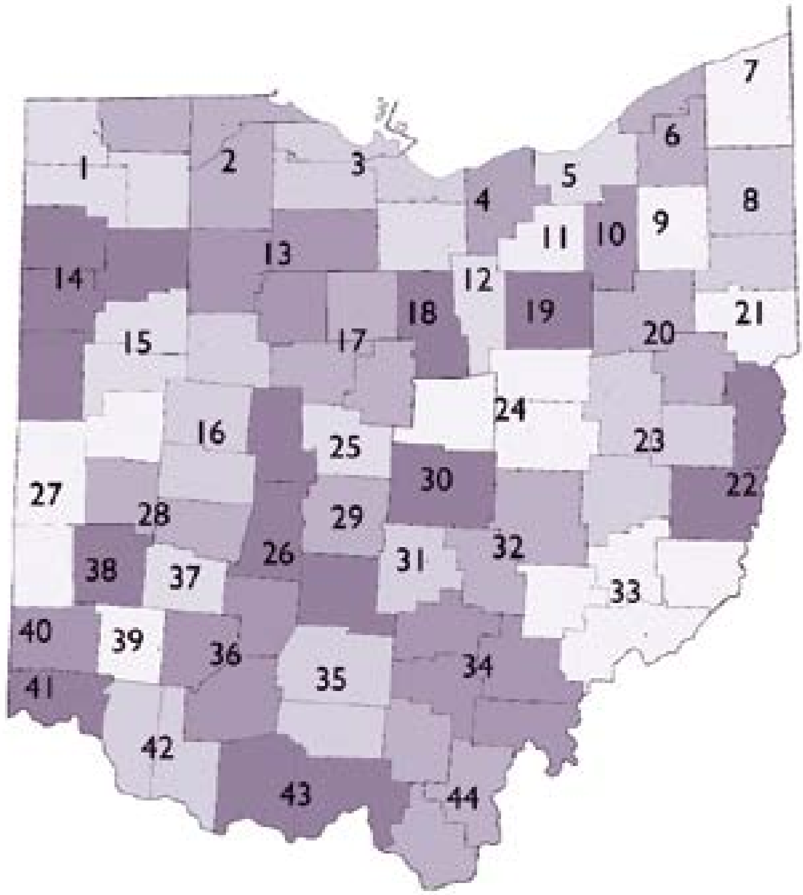
Table 4.

Ohioans 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	738,870	80.7%
Black, Non-Hispanic	99,120	10.8%
Hispanic	37,460	4.1%
Other*	40,480	4.4%
Total	**915,890**	**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.



Ohio County Locations

1 Defiance, Henry, Williams
2 Fulton, Lucas, Wood
3 Erie, Ottawa, Sandusky
4 Lorain
5 Cuyahoga
6 Geauga, Lake
7 Ashtabula
8 Mahoning, Trumbull
9 Portage
10 Summit
11 Medina
12 Ashland, Huron
13 Hancock, Seneca, Wyandot
14 Mercer, Paulding, Putnam, Van Wert
15 Allen, Auglaize
16 Champaign, Hardin, Logan
17 Crawford, Marion, Morrow
18 Richland
19 Wayne
20 Carroll, Stark
21 Columbiana
22 Belmont, Jefferson
23 Guernsey, Harrison, Tuscarawas
24 Coshocton, Holmes, Knox
25 Delaware
26 Madison, Pickaway, Union
27 Darke, Preble, Shelby
28 Clark, Miami
29 Franklin
30 Licking
31 Fairfield
32 Muskingum, Perry
33 Monroe, Morgan, Noble, Washington
34 Athens, Hocking, Meigs, Vinton
35 Pike, Ross
36 Clinton, Fayette, Highland
37 Greene
38 Montgomery
39 Warren
40 Butler
41 Hamilton
42 Brown, Clermont
43 Adams, Scioto
44 Gallia, Jackson, Lawrence

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

	County Name(s)	Income as a Percent of Federal Poverty Level: 0-199% Number	0-199% Percent	200-399% Number	200-399% Percent	Total Number
1	Defiance, Henry, Williams	4,060	43.9%	5,200	56.1%	9,260
2	Fulton, Lucas, Wood	21,820	45.9%	25,730	54.1%	47,560
3	Erie, Ottawa, Sandusky	5,640	41.4%	7,980	58.6%	13,620
4	Lorain	9,850	40.7%	14,330	59.3%	24,180
5	Cuyahoga	45,130	46.9%	51,160	53.1%	96,290
6	Geauga, Lake	10,280	44.7%	12,720	55.3%	23,000
7	Ashtabula	3,700	46.5%	4,260	53.5%	7,960
8	Mahoning, Trumbull	15,910	45.3%	19,180	54.7%	35,100
9	Portage	5,410	46.3%	6,270	53.7%	11,680
10	Summit	17,980	44.3%	22,640	55.7%	40,620
11	Medina	3,790	36.4%	6,630	63.6%	10,420
12	Ashland, Huron	5,040	45.5%	6,020	54.5%	11,060
13	Hancock, Seneca, Wyandot	5,100	45.2%	6,180	54.8%	11,270
14	Mercer, Paulding, Putnam, Van Wert	4,240	42.2%	5,810	57.8%	10,050
15	Allen, Auglaize	5,030	39.9%	7,590	60.1%	12,620
16	Champaign, Hardin, Logan	4,710	45.5%	5,640	54.5%	10,350
17	Crawford, Marion, Morrow	6,590	47.2%	7,380	52.8%	13,970
18	Richland	5,060	46.5%	5,840	53.6%	10,900
19	Wayne	4,950	38.8%	7,810	61.2%	12,760
20	Carroll, Stark	14,860	43.1%	19,580	56.8%	34,450
21	Columbiana	4,370	41.5%	6,170	58.5%	10,540
22	Belmont, Jefferson	5,290	45.2%	6,410	54.8%	11,700
23	Guernsey, Harrison, Tuscarawas	5,750	38.4%	9,230	61.6%	14,980
24	Coshocton, Holmes, Knox	8,760	42.6%	11,790	57.4%	20,540
25	Delaware	3,170	39.4%	4,880	60.6%	8,050
26	Madison, Pickaway, Union	3,900	37.0%	6,640	63.0%	10,540
27	Darke, Preble, Shelby	5,820	43.9%	7,450	56.2%	13,260
28	Clark, Miami	8,100	41.2%	11,550	58.8%	19,650
29	Franklin	39,310	44.5%	48,960	55.5%	88,270
30	Licking	5,820	43.2%	7,640	56.8%	13,460
31	Fairfield	4,530	39.3%	6,980	60.7%	11,510
32	Muskingum, Perry	5,950	51.3%	5,660	48.8%	11,600
33	Monroe, Morgan, Noble, Washington	4,750	50.0%	4,760	50.0%	9,500
34	Athens, Hocking, Meigs, Vinton	6,280	55.7%	4,980	44.3%	11,260
35	Pike, Ross	4,740	49.9%	4,760	50.1%	9,500
36	Clinton, Fayette, Highland	5,480	45.5%	6,560	54.5%	12,040
37	Greene	4,470	46.2%	5,200	53.8%	9,670
38	Montgomery	19,190	45.1%	23,400	54.9%	42,590
39	Warren	4,630	35.9%	8,280	64.1%	12,910
40	Butler	11,260	41.7%	15,730	58.3%	27,000
41	Hamilton	26,320	43.2%	34,620	56.8%	60,950
42	Brown, Clermont	7,700	39.3%	11,890	60.7%	19,590
43	Adams, Scioto	4,540	48.4%	4,830	51.6%	9,360
44	Gallia, Jackson, Lawrence	5,190	50.2%	5,160	49.8%	10,350
Total, all counties		**404,460**	**44.2%**	**511,460**	**55.8%**	**915,890**

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. Ohioans Eligible for Premium Tax Credits, Distribution by Family Employment Status and County, 2014

	County Name(s)	Employed*		Not Employed*		Total
		Number	Percent	Number	Percent	Number
1	Defiance, Henry, Williams	8,390	90.6%	870	9.4%	9,260
2	Fulton, Lucas, Wood	42,740	89.9%	4,820	10.1%	47,560
3	Erie, Ottawa, Sandusky	12,290	90.3%	1,330	9.7%	13,620
4	Lorain	22,130	91.5%	2,060	8.5%	24,180
5	Cuyahoga	86,010	89.3%	10,280	10.7%	96,290
6	Geauga, Lake	20,700	90.0%	2,310	10.0%	23,000
7	Ashtabula	7,190	90.4%	770	9.6%	7,960
8	Mahoning, Trumbull	31,660	90.2%	3,440	9.8%	35,100
9	Portage	10,470	89.6%	1,210	10.4%	11,680
10	Summit	36,880	90.8%	3,740	9.2%	40,620
11	Medina	9,470	90.9%	950	9.1%	10,420
12	Ashland, Huron	10,200	92.2%	860	7.8%	11,060
13	Hancock, Seneca, Wyandot	10,440	92.6%	830	7.4%	11,270
14	Mercer, Paulding, Putnam, Van Wert	9,220	91.7%	830	8.3%	10,050
15	Allen, Auglaize	11,600	91.9%	1,020	8.1%	12,620
16	Champaign, Hardin, Logan	9,540	92.2%	810	7.8%	10,350
17	Crawford, Marion, Morrow	12,880	92.2%	1,090	7.8%	13,970
18	Richland	9,860	90.5%	1,040	9.5%	10,900
19	Wayne	11,910	93.3%	850	6.7%	12,760
20	Carroll, Stark	31,340	91.0%	3,110	9.0%	34,450
21	Columbiana	9,740	92.4%	800	7.6%	10,540
22	Belmont, Jefferson	10,670	91.2%	1,030	8.8%	11,700
23	Guernsey, Harrison, Tuscarawas	13,620	91.0%	1,350	9.0%	14,980
24	Coshocton, Holmes, Knox	18,850	91.8%	1,690	8.2%	20,540
25	Delaware	7,220	89.7%	830	10.3%	8,050
26	Madison, Pickaway, Union	9,700	92.0%	840	8.0%	10,540
27	Darke, Preble, Shelby	12,240	92.3%	1,030	7.7%	13,260
28	Clark, Miami	18,000	91.6%	1,650	8.4%	19,650
29	Franklin	79,310	89.9%	8,960	10.2%	88,270
30	Licking	12,270	91.2%	1,190	8.8%	13,460
31	Fairfield	10,490	91.2%	1,020	8.8%	11,510
32	Muskingum, Perry	10,640	91.7%	960	8.3%	11,600
33	Monroe, Morgan, Noble, Washington	8,720	91.7%	790	8.3%	9,500
34	Athens, Hocking, Meigs, Vinton	9,880	87.7%	1,380	12.3%	11,260
35	Pike, Ross	8,660	91.1%	840	8.9%	9,500
36	Clinton, Fayette, Highland	11,170	92.8%	870	7.2%	12,040
37	Greene	8,630	89.2%	1,050	10.8%	9,670
38	Montgomery	38,240	89.8%	4,350	10.2%	42,590
39	Warren	11,570	89.6%	1,340	10.4%	12,910
40	Butler	24,260	89.9%	2,730	10.1%	27,000
41	Hamilton	54,990	90.2%	5,950	9.8%	**60,950**
42	Brown, Clermont	17,830	91.0%	1,760	9.0%	19,590
43	Adams, Scioto	8,480	90.6%	880	9.4%	9,360
44	LGallia, Jackson, Lawrence	9,410	90.9%	940	9.1%	10,350
Total, all counties		**829,490**	**90.6%**	**86,410**	**9.4%**	**915,890**

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. Ohioans 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	Defiance, Henry, Williams	1,990	21.5%	3,180	34.3%	2,730	29.5%	1,360	14.7%	9,260
2	Fulton, Lucas, Wood	9,010	18.9%	17,960	37.8%	14,010	29.5%	6,590	13.8%	47,560
3	Erie, Ottawa, Sandusky	2,640	19.4%	4,780	35.1%	4,050	29.8%	2,150	15.8%	13,620
4	Lorain	4,960	20.5%	8,640	35.7%	7,460	30.8%	3,130	12.9%	24,180
5	Cuyahoga	17,640	18.3%	31,140	32.3%	32,130	33.4%	15,380	16.0%	96,290
6	Geauga, Lake	4,540	19.8%	7,640	33.2%	6,770	29.4%	4,050	17.6%	23,000
7	Ashtabula	1,600	20.1%	2,710	34.0%	2,460	30.9%	1,190	15.0%	7,960
8	Mahoning, Trumbull	6,450	18.4%	11,230	32.0%	11,110	31.6%	6,310	18.0%	35,100
9	Portage	1,990	17.0%	4,700	40.2%	3,310	28.3%	1,690	14.5%	11,680
10	Summit	7,730	19.0%	14,200	35.0%	12,710	31.3%	5,980	14.7%	40,620
11	Medina	2,340	22.4%	3,660	35.1%	2,850	27.4%	1,580	15.2%	10,420
12	Ashland, Huron	2,330	21.0%	4,000	36.2%	3,220	29.2%	1,510	13.7%	11,060
13	Hancock, Seneca, Wyandot	2,320	20.6%	4,040	35.9%	3,240	28.7%	1,670	14.8%	11,270
14	Mercer, Paulding, Putnam, Van Wert	2,350	23.4%	3,530	35.1%	2,770	27.5%	1,400	14.0%	10,050
15	Allen, Auglaize	2,840	22.5%	4,200	33.3%	3,760	29.8%	1,820	14.4%	12,620
16	Champaign, Hardin, Logan	2,210	21.3%	3,750	36.2%	2,950	28.5%	1,450	14.0%	10,350
17	Crawford, Marion, Morrow	2,770	19.8%	4,830	34.6%	4,370	31.3%	2,010	14.4%	13,970
18	Richland	2,050	18.8%	3,920	36.0%	3,060	28.1%	1,860	17.1%	10,900
19	Wayne	2,560	20.1%	4,500	35.3%	3,850	30.2%	1,850	14.5%	12,760
20	Carroll, Stark	6,580	19.1%	11,610	33.7%	10,710	31.1%	5,540	16.1%	34,450
21	Columbiana	1,890	17.9%	3,580	33.9%	3,480	33.0%	1,600	15.1%	10,540
22	Belmont, Jefferson	2,110	18.1%	3,940	33.7%	3,840	32.8%	1,800	15.4%	11,700
23	Guernsey, Harrison, Tuscarawas	2,960	19.7%	5,070	33.8%	4,650	31.0%	2,300	15.4%	14,980
24	Coshocton, Holmes, Knox	4,550	22.2%	7,200	35.1%	6,340	30.9%	2,450	11.9%	20,540
25	Delaware	1,700	21.1%	3,380	42.0%	2,060	25.5%	910	11.3%	8,050
26	Madison, Pickaway, Union	2,440	23.2%	3,440	32.6%	3,300	31.3%	1,360	12.9%	10,540
27	Darke, Preble, Shelby	2,700	20.3%	4,520	34.1%	4,000	30.2%	2,040	15.4%	13,260
28	Clark, Miami	4,220	21.5%	6,750	34.4%	5,750	29.3%	2,930	14.9%	19,650
29	Franklin	16,920	19.2%	34,530	39.1%	26,440	30.0%	10,390	11.8%	88,270
30	Licking	2,850	21.1%	4,680	34.8%	4,170	31.0%	1,760	13.1%	13,460
31	Fairfield	2,310	20.1%	4,330	37.6%	3,410	29.7%	1,450	12.6%	11,510
32	Muskingum, Perry	2,480	21.4%	4,120	35.5%	3,470	29.9%	1,540	13.2%	11,600
33	Monroe, Morgan, Noble, Washington	1,690	17.8%	3,410	35.9%	2,940	30.9%	1,460	15.4%	9,500
34	Athens, Hocking, Meigs, Vinton	2,180	19.3%	5,010	44.5%	2,720	24.1%	1,360	12.1%	11,260
35	Ross, Pike	2,270	23.9%	3,210	33.8%	2,760	29.1%	1,260	13.3%	9,500
36	Clinton, Fayette, Highland	2,880	24.0%	4,390	36.4%	3,390	28.1%	1,380	11.5%	12,040
37	Greene	2,050	21.1%	3,970	41.0%	2,340	24.2%	1,320	13.7%	9,670
38	Montgomery	8,170	19.2%	14,770	34.7%	13,530	31.8%	6,110	14.4%	42,590
39	Warren	2,760	21.4%	4,890	37.9%	3,760	29.1%	1,510	11.7%	12,910
40	Butler	5,780	21.4%	10,180	37.7%	7,590	28.1%	3,440	12.8%	27,000
41	Hamilton	11,410	18.7%	21,340	35.0%	19,750	32.4%	8,450	13.9%	60,950
42	Brown, Clermont	4,350	22.2%	7,020	35.9%	5,640	28.8%	2,580	13.2%	19,590
43	Adams, Scioto	2,180	23.2%	3,400	36.4%	2,680	28.6%	1,110	11.8%	9,360
44	Gallia, Jackson, Lawrence	2,440	23.6%	3,550	34.3%	3,090	29.9%	1,270	12.3%	10,350
Total, all counties		**182,170**	**19.9%**	**324,890**	**35.5%**	**278,590**	**30.4%**	**130,270**	**14.2%**	**915,890**

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. Ohioans 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	Defiance, Henry, Williams	8,010	86.6%	20	0.3%	1,040	11.2%	180	2.0%	9,260
2	Fulton, Lucas, Wood	36,060	75.8%	5,740	12.1%	3,970	8.4%	1,790	3.8%	47,560
3	Erie, Ottawa, Sandusky	11,330	83.2%	610	4.5%	1,170	8.6%	510	3.8%	13,620
4	Lorain	18,600	76.9%	1,440	6.0%	2,910	12.0%	1,230	5.1%	24,180
5	Cuyahoga	56,840	59.0%	27,670	28.7%	6,880	7.1%	4,900	5.1%	96,290
6	Geauga, Lake	20,860	90.7%	620	2.7%	910	3.9%	620	2.7%	23,000
7	Ashtabula	7,240	91.0%	150	1.9%	360	4.5%	210	2.6%	7,960
8	Mahoning, Trumbull	28,940	82.5%	3,880	11.0%	1,210	3.4%	1,070	3.1%	35,100
9	Portage	10,530	90.1%	390	3.3%	90	0.8%	680	5.8%	11,680
10	Summit	31,710	78.1%	5,930	14.6%	1,000	2.5%	1,990	4.9%	40,620
11	Medina	9,730	93.4%	180	1.8%	160	1.5%	350	3.3%	10,420
12	Ashland, Huron	10,120	91.5%	100	0.9%	650	5.9%	200	1.8%	11,060
13	Hancock, Seneca, Wyandot	10,210	90.6%	150	1.3%	740	6.5%	180	1.6%	11,270
14	Mercer, Paulding, Putnam, Van Wert	9,420	93.8%	40	0.4%	480	4.7%	110	1.1%	10,050
15	Allen, Auglaize	11,140	88.3%	940	7.4%	240	1.9%	310	2.4%	12,620
16	Champaign, Hardin, Logan	9,780	94.5%	140	1.3%	50	0.4%	390	3.7%	10,350
17	Crawford, Marion, Morrow	13,140	94.0%	50	0.3%	240	1.7%	550	3.9%	13,970
18	Richland	9,520	87.4%	680	6.2%	200	1.8%	500	4.6%	10,900
19	Wayne	11,940	93.6%	210	1.6%	290	2.3%	320	2.5%	12,760
20	Carroll, Stark	30,340	88.1%	2,000	5.8%	700	2.0%	1,410	4.1%	34,450
21	Columbiana	10,090	95.8%	240	2.3%	50	0.4%	160	1.5%	10,540
22	Belmont, Jefferson	10,920	93.4%	360	3.1%	30	0.2%	390	3.3%	11,700
23	Guernsey, Harrison, Tuscarawas	14,140	94.4%	180	1.2%	290	1.9%	380	2.5%	14,980
24	Coshocton, Holmes, Knox	19,820	96.5%	80	0.4%	280	1.3%	370	1.8%	20,540
25	Delaware	6,580	81.7%	340	4.2%	360	4.4%	780	9.7%	8,050
26	Madison, Pickaway, Union	9,880	93.8%	170	1.6%	40	0.4%	450	4.3%	10,540
27	Darke, Preble, Shelby	12,920	97.4%	40	0.3%	70	0.5%	250	1.8%	13,260
28	Clark, Miami	17,340	88.2%	1,140	5.8%	430	2.2%	740	3.8%	19,650
29	Franklin	58,710	66.5%	16,980	19.2%	5,220	5.9%	7,370	8.3%	88,270
30	Licking	12,310	91.4%	290	2.1%	330	2.4%	540	4.0%	13,460
31	Fairfield	10,220	88.8%	740	6.4%	140	1.2%	410	3.6%	11,510
32	Muskingum, Perry	10,840	93.4%	240	2.1%	70	0.6%	450	3.9%	11,600
33	Monroe, Morgan, Noble, Washington	9,170	96.5%	90	1.0%	50	0.6%	190	2.0%	9,500
34	Athens, Hocking, Meigs, Vinton	10,510	93.3%	50	0.4%	210	1.8%	500	4.4%	11,260
35	Pike, Ross	8,990	94.6%	120	1.3%	60	0.6%	330	3.5%	9,500
36	Clinton, Fayette, Highland	11,220	93.2%	130	1.1%	130	1.1%	560	4.7%	12,040
37	Greene	8,340	86.2%	540	5.6%	140	1.5%	650	6.7%	9,670
38	Montgomery	30,820	72.4%	8,170	19.2%	1,720	4.0%	1,870	4.4%	42,590
39	Warren	11,200	86.8%	300	2.3%	470	3.6%	940	7.3%	12,910
40	Butler	22,490	83.3%	1,700	6.3%	1,270	4.7%	1,540	5.7%	27,000
41	Hamilton	39,870	65.4%	15,680	25.7%	2,410	3.9%	2,990	4.9%	60,950
42	Brown, Clermont	18,460	94.2%	370	1.9%	230	1.2%	530	2.7%	19,590
43	Adams, Scioto	8,750	93.4%	70	0.7%	180	1.9%	370	4.0%	9,360
44	Gallia, Jackson, Lawrence	9,850	95.2%	200	1.9%	50	0.5%	250	2.4%	10,350
Total, all counties		**738,870**	**80.7%**	**99,120**	**10.8%**	**37,460**	**4.1%**	**40,480**	**4.4%**	**915,890**

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 1.5 million Ohioans 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 Ohioans. 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. Nearly 916,000 Ohioans 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 nearly 916,000 Ohioans 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 Ohio'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 Ohio 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 Ohio will take advantage of the opportunity to expand Medicaid to all Ohioans 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, Ohioans 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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