



New Health Insurance
Tax Credits in Texas

Families USA

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

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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 Texans to purchase quality health coverage.

This report takes a closer look at these premium tax credits in Texas, which will help Texans 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 Texas and across the country could benefit from the new premium tax credits in 2014. We found that nearly 2.6 million Texans 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 Texas, 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, Texas 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 Texans 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 16.

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 Texas.

Numbers of People Eligible for the Premium Tax Credit

- Statewide, nearly 2.6 million Texans 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 53 percent) of the Texans who will be eligible for premium tax credits (see Table 1).

Table 1.

Texans 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%	1,205,150	46.7%
200-399%	1,374,710	53.3%
Total	2,579,810	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 Texans who will be eligible for premium tax credits—about 88 percent—will be in working families.
- Statewide, nearly 2.3 million people, the majority of Texans 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.

Texans 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*	2,272,510	88.1%
Not Employed*	307,320	11.9%
Total	2,579,810	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 Texans in all age groups, from hardworking Texans 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.

Texans 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	642,960	24.9%
18-34	914,110	35.4%
35-54	749,440	29.1%
55 and over	273,370	10.6%
Total	2,579,810	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 37 percent of the Texans who will be eligible for premium tax credits will be white, non-Hispanics (see Table 4).
- Approximately 10 percent of the Texans who will be eligible will be black, non-Hispanics (see Table 4).
- Nearly half (about 48 percent) of the Texans who will be eligible will be Hispanics (see Table 4).
- Approximately 5 percent of the Texans 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).

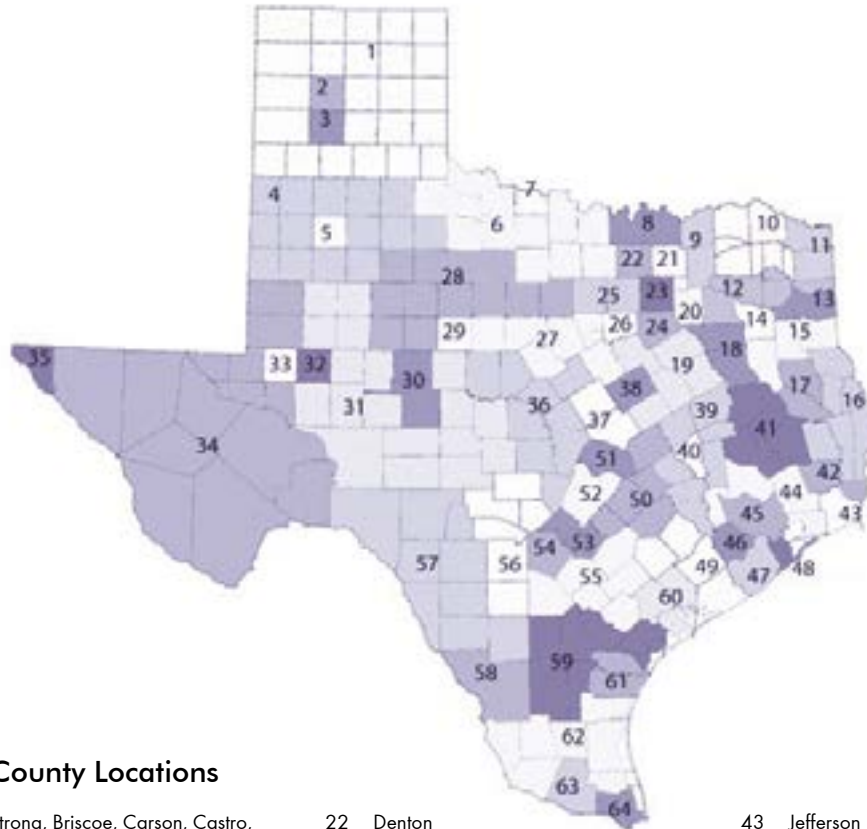
Table 4.

Texans 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	943,920	36.6%
Black, Non-Hispanic	246,550	9.6%
Hispanic	1,249,680	48.4%
Other*	139,710	5.4%
Total	2,579,810	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.



Texas County Locations

- | | | | | | |
|----|---|----|---|----|--|
| 1 | Armstrong, Briscoe, Carson, Castro, Childress, Collingsworth, Dallam, Deaf Smith, Donley, Gray, Hall, Hansford, Hartley, Hemphill, Hutchinson, Lipscomb, Moore, Ochiltree, Oldham, Parmer, Roberts, Sherman, Swisher, Wheeler | 22 | Denton | 43 | Jefferson |
| 2 | Potter | 23 | Dallas | 44 | Chambers, Liberty, Montgomery, Waller |
| 3 | Randall | 24 | Ellis | 45 | Harris |
| 4 | Bailey, Cochran, Crosby, Dickens, Floyd, Garza, Hale, Hockley, King, Lamb, Lynn, Motley, Terry, Yoakum | 25 | Parker, Tarrant | 46 | Fort Bend |
| 5 | Lubbock | 26 | Johnson | 47 | Brazoria |
| 6 | Archer, Baylor, Clay, Cottle, Foard, Hardeman, Jack, Knox, Montague, Wilbarger, Wise, Young | 27 | Bosque, Callahan, Comanche, Eastland, Erath, Hood, Somervell | 48 | Galveston |
| 7 | Wichita | 28 | Fisher, Haskell, Jones, Kent, Mitchell, Nolan, Palo Pinto, Scurry, Shackelford, Stephens, Stonewall, Throckmort | 49 | Colorado, Lavaca, Matagorda, Wharton |
| 8 | Cooke, Grayson | 29 | Taylor | 50 | Bastrop, Caldwell, Fayette, Lee, Milam |
| 9 | Fannin, Hunt | 30 | Coke, Tom Green | 51 | Williamson |
| 10 | Delta, Franklin, Hopkins, Lamar, Morris, Red River, Titus | 31 | Borden, Concho, Crockett, Dawson, Glasscock, Howard, Irion, Kimble, Martin, Mason, McCulloch, Menard, Reagan, Runnels, Scheicher, Sterling, Sutton, Upton | 52 | Hays, Travis |
| 11 | Bowie, Cass | 32 | Midland | 53 | Comal, Guadalupe |
| 12 | Camp, Marion, Rains, Upshur, Van Zandt, Wood | 33 | Ector | 54 | Bexar |
| 13 | Gregg, Harrison | 34 | Andrews, Brewster, Crane, Culberson, Gaines, Hudspeth, Jeff Davis, Loving, Pecos, Presidio, Reeves, Terrell, Ward, Winkler | 55 | Atascosa, DeWitt, Goliad, Gonzales, Karnes, Wilson |
| 14 | Smith | 35 | El Paso | 56 | Bandera, Frio, Gillespie, Kendall, Kerr, Medina |
| 15 | Cherokee, Panola, Rusk | 36 | Blanco, Brown, Burnet, Coleman, Hamilton, Lampasas, Llano, Mills, San Saba | 57 | Dimmit, Edwards, Kinney, La Salle, Maverick, Real, Uvalde, Val Verde, Zavala |
| 16 | Jasper, Newton, Sabine, San Augustine, Shelby, Tyler | 37 | Bell, Coryell | 58 | Webb |
| 17 | Angelina, Nacogdoches | 38 | McLennan | 59 | Aransas, Bee, Duval, Jim Wells, Live Oak, McMullen, Refugio |
| 18 | Anderson, Henderson | 39 | Austin, Bureson, Grimes, Leon, Madison, Robertson, Washington | 60 | Calhoun, Jackson, Victoria |
| 19 | Falls, Freestone, Hill, Limestone, Navarro | 40 | Brazos | 61 | Nueces, San Patricio |
| 20 | Kaufman, Rockwall | 41 | Houston, Polk, San Jacinto, Trinity, Walker | 62 | Brooks, Jim Hogg, Kenedy, Kleberg, Starr, Willacy, Zapata |
| 21 | Collin | 42 | Hardin, Orange | 63 | Hidalgo |
| | | | | 64 | Cameron |

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

County Name(s) County Name(s)	Income as a Percent of Federal Poverty Level				Total Number
	0-199%		200-399%		
	Number	Percent	Number	Percent	
1 Armstrong, Briscoe, Carson, Castro, Childress, Collingsworth, Dallam, Deaf Smith, Donley, Gray, Hall, Hansford, Hartley, Hemphill, Hutchinson, Lipscomb, Moore, Ochiltree, Oldham, Parmer, Roberts, Sherman, Swisher, Wheeler	9,030	49.2%	9,310	50.8%	18,340
2 Potter	6,870	49.0%	7,150	51.0%	14,020
3 Randall	4,310	37.5%	7,190	62.5%	11,510
4 Bailey, Cochran, Crosby, Dickens, Floyd, Garza, Hale, Hockley, King, Lamb, Lynn, Motley, Terry, Yoakum	6,120	50.6%	5,970	49.4%	12,090
5 Lubbock	11,260	43.9%	14,410	56.1%	25,670
6 Archer, Baylor, Clay, Cottle, Foard, Hardeman, Jack, Knox, Montague, Wilbarger, Wise, Young	7,860	41.2%	11,210	58.8%	19,070
7 Wichita	4,670	44.1%	5,930	56.0%	10,600
8 Cooke, Grayson	8,010	42.9%	10,660	57.1%	18,670
9 Fannin, Hunt	5,330	42.8%	7,120	57.2%	12,450
10 Delta, Franklin, Hopkins, Lamar, Morris, Red River, Titus	9,240	48.2%	9,950	51.8%	19,190
11 Bowie, Cass	6,190	46.4%	7,140	53.6%	13,330
12 Camp, Marion, Rains, Upshur, Van Zandt, Wood	9,700	45.5%	11,640	54.5%	21,340
13 Gregg, Harrison	8,590	42.4%	11,650	57.6%	20,240
14 Smith	10,750	47.8%	11,760	52.2%	22,510
15 Cherokee, Panola, Rusk	6,370	43.5%	8,270	56.5%	14,640
16 Jasper, Newton, Sabine, San Augustine, Shelby, Tyler	5,500	46.5%	6,340	53.5%	11,840
17 Angelina, Nacogdoches	6,970	50.7%	6,790	49.3%	13,760
18 Anderson, Henderson	5,620	40.0%	8,440	60.0%	14,060
19 Falls, Freestone, Hill, Limestone, Navarro	6,890	45.5%	8,260	54.5%	15,150
20 Kaufman, Rockwall	7,230	38.9%	11,360	61.1%	18,590
21 Collin	24,560	40.5%	36,050	59.5%	60,610
22 Denton	23,020	41.5%	32,460	58.5%	55,470
23 Dallas	147,500	50.5%	144,460	49.5%	291,960
24 Ellis	6,130	41.0%	8,840	59.1%	14,970
25 Parker, Tarrant	84,360	44.1%	106,970	55.9%	191,330
26 Johnson	9,220	45.8%	10,910	54.2%	20,130
27 Bosque, Callahan, Comanche, Eastland, Erath, Hood, Somervell	7,050	45.7%	8,360	54.3%	15,400
28 Fisher, Haskell, Jones, Kent, Mitchell, Nolan, Palo Pinto, Scurry, Shackelford, Stephens, Stonewall, Throckmort	4,590	38.5%	7,330	61.5%	11,920
29 Taylor	5,220	44.2%	6,590	55.8%	11,810
30 Coke, Tom Green	6,420	50.7%	6,240	49.3%	12,660
31 Borden, Concho, Crockett, Dawson, Glasscock, Howard, Irion, Kimble, Martin, Mason, McCulloch, Menard, Reagan, Runnels, Scheicher, Sterling, Sutton, Upton	4,330	40.2%	6,450	59.8%	10,790
32 Midland	6,140	41.7%	8,600	58.4%	14,750
33 Ector	6,590	37.5%	11,000	62.5%	17,590

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Table 5. Texans Eligible for Premium Tax Credits, Distribution by Income Level and County, 2014 (cont'd)

County Name(s)	Income as a Percent of Federal Poverty Level				Total Number
	0-199%		200-399%		
	Number	Percent	Number	Percent	
34 Andrews, Brewster, Crane, Culberson, Gaines, Hudspeth, Jeff Davis, Loving, Pecos, Presidio, Reeves, Terell, Ward, Winkler	4,910	42.1%	6,760	57.9%	11,670
35 El Paso	45,800	53.2%	40,360	46.8%	86,160
36 Blanco, Brown, Burnet, Coleman, Hamilton, Lampasas, Llano, Mills, San Saba	7,830	48.4%	8,340	51.6%	16,170
37 Bell, Coryell	11,920	45.5%	14,310	54.5%	26,230
38 McLennan	12,120	50.7%	11,780	49.3%	23,890
39 Austin, Burleson, Grimes, Leon, Madison, Robertson, Washington	5,570	43.4%	7,270	56.6%	12,840
40 Brazos	9,450	62.7%	5,620	37.3%	15,070
41 Houston, Polk, San Jacinto, Trinity, Walker	8,030	52.6%	7,250	47.4%	15,280
42 Hardin, Orange	4,460	36.3%	7,830	63.7%	12,300
43 Jefferson	9,850	46.1%	11,530	53.9%	21,380
44 Chambers, Liberty, Montgomery, Waller	23,810	41.6%	33,470	58.4%	57,280
45 Harris	212,630	47.6%	234,240	52.4%	446,850
46 Fort Bend	20,950	45.9%	24,640	54.1%	45,590
47 Brazoria	12,010	39.9%	18,070	60.1%	30,080
48 Galveston	9,470	39.2%	14,680	60.8%	24,150
49 Colorado, Lavaca, Matagorda, Wharton	6,160	48.6%	6,520	51.4%	12,680
50 Bastrop, Caldwell, Fayette, Lee, Milam	7,700	44.6%	9,560	55.4%	17,250
51 Williamson	14,290	39.7%	21,690	60.3%	35,980
52 Hays, Travis	54,940	48.5%	58,240	51.5%	113,170
53 Comal, Guadalupe	8,530	39.8%	12,880	60.2%	21,410
54 Bexar	80,400	47.6%	88,490	52.4%	168,880
55 Atascosa, DeWitt, Goliad, Gonzales, Karnes, Wilson	5,290	42.3%	7,230	57.7%	12,530
56 Bandera, Frio, Gillespie, Kendall, Kerr, Medina	8,140	40.6%	11,910	59.4%	20,050
57 Dimmit, Edwards, Kinney, La Salle, Maverick, Real, Uvalde, Val Verde, Zavala	10,290	48.5%	10,910	51.5%	21,200
58 Webb	16,550	52.9%	14,750	47.1%	31,300
59 Aransas, Bee, Duval, Jim Wells, Live Oak, McMullen, Refugio	6,620	43.5%	8,610	56.5%	15,230
60 Calhoun, Jackson, Victoria	5,920	43.9%	7,560	56.1%	13,480
61 Nueces, San Patricio	17,460	44.3%	21,990	55.7%	39,450
62 Brooks, Jim Hogg, Kenedy, Kleberg, Starr, Willacy, Zapata	8,940	54.3%	7,520	45.7%	16,450
63 Hidalgo	48,220	52.8%	43,150	47.2%	91,370
64 Cameron	25,260	52.6%	22,750	47.4%	48,010
Total, all counties	1,205,150	46.7%	1,374,710	53.3%	2,579,810

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. Texans 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 Armstrong, Briscoe, Carson, Castro, Childress, Collingsworth, Dallam, Deaf Smith, Donley, Gray, Hall, Hansford, Hartley, Hemphill, Hutchinson, Lipscomb, Moore, Ochiltree, Oldham, Parmer, Roberts, Sherman, Swisher, Wheeler	16,340	89.1%	2,000	10.9%	18,340
2 Potter	12,640	90.1%	1,390	9.9%	14,020
3 Randall	10,450	90.8%	1,060	9.2%	11,510
4 Bailey, Cochran, Crosby, Dickens, Floyd, Garza, Hale, Hockley, King, Lamb, Lynn, Motley, Terry, Yoakum	10,590	87.6%	1,500	12.4%	12,090
5 Lubbock	23,120	90.1%	2,550	9.9%	25,670
6 Archer, Baylor, Clay, Cottle, Foard, Hardeman, Jack, Knox, Montague, Wilbarger, Wise, Young	17,060	89.5%	2,010	10.5%	19,070
7 Wichita	9,360	88.2%	1,250	11.8%	10,600
8 Cooke, Grayson	16,690	89.4%	1,980	10.6%	18,670
9 Fannin, Hunt	11,080	89.0%	1,370	11.0%	12,450
10 Delta, Franklin, Hopkins, Lamar, Morris, Red River, Titus	17,020	88.7%	2,170	11.3%	19,190
11 Bowie, Cass	12,040	90.3%	1,300	9.7%	13,330
12 Camp, Marion, Rains, Upshur, Van Zandt, Wood	18,880	88.5%	2,460	11.5%	21,340
13 Gregg, Harrison	18,020	89.0%	2,220	11.0%	20,240
14 Smith	20,120	89.4%	2,390	10.6%	22,510
15 Cherokee, Panola, Rusk	12,980	88.7%	1,660	11.3%	14,640
16 Jasper, Newton, Sabine, San Augustine, Shelby, Tyler	10,470	88.4%	1,370	11.6%	11,840
17 Angelina, Nacogdoches	12,200	88.6%	1,570	11.4%	13,760
18 Anderson, Henderson	12,430	88.4%	1,630	11.6%	14,060
19 Falls, Freestone, Hill, Limestone, Navarro	13,540	89.4%	1,610	10.6%	15,150
20 Kaufman, Rockwall	16,570	89.1%	2,020	10.9%	18,590
21 Collin	53,030	87.5%	7,590	12.5%	60,610
22 Denton	49,450	89.2%	6,020	10.8%	55,470
23 Dallas	256,430	87.8%	35,530	12.2%	291,960
24 Ellis	13,540	90.5%	1,420	9.5%	14,970
25 Parker, Tarrant	169,320	88.5%	22,010	11.5%	191,330
26 Johnson	18,120	90.0%	2,010	10.0%	20,130
27 Bosque, Callahan, Comanche, Eastland, Erath, Hood, Somervell	13,640	88.5%	1,770	11.5%	15,400
28 Fisher, Haskell, Jones, Kent, Mitchell, Nolan, Palo Pinto, Scurry, Shackelford, Stephens, Stonewall, Throckmort	10,750	90.2%	1,170	9.8%	11,920
29 Taylor	10,520	89.1%	1,280	10.9%	11,810
30 Coke, Tom Green	11,290	89.2%	1,370	10.8%	12,660
31 Borden, Concho, Crockett, Dawson, Glasscock, Howard, Irion, Kimble, Martin, Mason, McCulloch, Menard, Reagan, Runnels, Scheicher, Sterling, Sutton, Upton	9,580	88.8%	1,200	11.2%	10,790
32 Midland					
33 Ector	15,910	90.5%	1,680	9.5%	17,590

(continued next page)

**Table 6. Texans Eligible for Premium Tax Credits,
Distribution by Family Employment Status and County, 2014 (cont'd)**

County Name(s)	Employed*		Not Employed*		Total Number
	Number	Percent	Number	Percent	
34 Andrews, Brewster, Crane, Culberson, Gaines, Hudspeth, Jeff Davis, Loving, Pecos, Presidio, Reeves, Terell, Ward, Winkler	10,420	89.3%	1,250	10.7%	11,670
35 El Paso	74,730	86.7%	11,440	13.3%	86,160
36 Blanco, Brown, Burnet, Coleman, Hamilton, Lampasas, Llano, Mills, San Saba	14,170	87.6%	2,010	12.4%	16,170
37 Bell, Coryell	22,620	86.2%	3,610	13.8%	26,230
38 McLennan	21,200	88.7%	2,700	11.3%	23,890
39 Austin, Bureson, Grimes, Leon, Madison, Robertson, Washington	11,320	88.1%	1,530	11.9%	12,840
40 Brazos	12,580	83.5%	2,490	16.5%	15,070
41 Houston, Polk, San Jacinto, Trinity, Walker	13,430	87.9%	1,850	12.1%	15,280
42 Hardin, Orange	10,880	88.5%	1,420	11.6%	12,300
43 Jefferson	18,840	88.1%	2,540	11.9%	21,380
44 Chambers, Liberty, Montgomery, Waller	50,740	88.6%	6,540	11.4%	57,280
45 Harris	391,970	87.7%	54,880	12.3%	446,850
46 Fort Bend	38,850	85.2%	6,740	14.8%	45,590
47 Brazoria	26,750	88.9%	3,330	11.1%	30,080
48 Galveston	21,340	88.4%	2,810	11.6%	24,150
49 Colorado, Lavaca, Matagorda, Wharton	11,210	88.4%	1,470	11.6%	12,680
50 Bastrop, Caldwell, Fayette, Lee, Milam	15,290	88.6%	1,960	11.4%	17,250
51 Williamson	32,210	89.5%	3,780	10.5%	35,980
52 Hays, Travis	99,450	87.9%	13,730	12.1%	113,170
53 Comal, Guadalupe	18,950	88.5%	2,460	11.5%	21,410
54 Bexar	149,340	88.4%	19,550	11.6%	168,880
55 Atascosa, DeWitt, Goliad, Gonzales, Karnes, Wilson	11,230	89.7%	1,300	10.3%	12,530
56 Bandera, Frio, Gillespie, Kendall, Kerr, Medina	17,790	88.7%	2,260	11.3%	20,050
57 Dimmit, Edwards, Kinney, La Salle, Maverick, Real, Uvalde, Val Verde, Zavala	18,770	88.5%	2,430	11.5%	21,200
58 Webb	27,440	87.7%	3,860	12.3%	31,300
59 Aransas, Bee, Duval, Jim Wells, Live Oak, McMullen, Refugio	13,730	90.2%	1,500	9.9%	15,230
60 Calhoun, Jackson, Victoria	12,150	90.1%	1,340	9.9%	13,480
61 Nueces, San Patricio	34,910	88.5%	4,530	11.5%	39,450
62 Brooks, Jim Hogg, Kenedy, Kleberg, Starr, Willacy, Zapata	14,190	86.2%	2,270	13.8%	16,450
63 Hidalgo	78,430	85.8%	12,930	14.2%	91,370
64 Cameron	41,070	85.5%	6,950	14.5%	48,010
Total, all counties	2,272,510	88.1%	307,320	11.9%	2,579,810

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. Texans 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 Armstrong, Briscoe, Carson, Castro, Childress, Collingsworth, Dallam, Deaf Smith, Donley, Gray, Hall, Hansford, Hartley, Hemphill, Hutchinson, Lipscomb, Moore, Ochiltree, Oldham, Parmer, Roberts, Sherman, Swisher, Wheeler	5,190	28.3%	5,570	30.4%	5,430	29.6%	2,150	11.7%	18,340
2 Potter	3,670	26.2%	5,030	35.9%	4,000	28.6%	1,320	9.4%	14,020
3 Randall	2,830	24.6%	4,080	35.5%	3,190	27.7%	1,410	12.3%	11,510
4 Bailey, Cochran, Crosby, Dickens, Floyd, Garza, Hale, Hockley, King, Lamb, Lynn, Motley, Terry, Yoakum	3,070	25.4%	3,860	31.9%	3,430	28.4%	1,720	14.3%	12,090
5 Lubbock	6,110	23.8%	10,760	41.9%	6,400	24.9%	2,400	9.4%	25,670
6 Archer, Baylor, Clay, Cottle, Foard, Hardeman, Jack, Knox, Montague, Wilbarger, Wise, Young	4,720	24.8%	6,020	31.6%	6,030	31.6%	2,290	12.0%	19,070
7 Wichita	2,720	25.6%	3,840	36.2%	2,930	27.6%	1,130	10.6%	10,600
8 Cooke, Grayson	4,940	26.5%	6,090	32.6%	5,390	28.9%	2,250	12.1%	18,670
9 Fannin, Hunt	3,240	26.0%	4,170	33.5%	3,600	28.9%	1,440	11.5%	12,450
10 Delta, Franklin, Hopkins, Lamar, Morris, Red River, Titus	4,990	26.0%	6,300	32.8%	5,490	28.6%	2,410	12.6%	19,190
11 Bowie, Cass	3,440	25.8%	4,880	36.6%	3,710	27.8%	1,310	9.8%	13,330
12 Camp, Marion, Rains, Upshur, Van Zandt, Wood	5,640	26.4%	6,700	31.4%	6,400	30.0%	2,600	12.2%	21,340
13 Gregg, Harrison	5,180	25.6%	6,930	34.2%	5,760	28.5%	2,370	11.7%	20,240
14 Smith	5,630	25.0%	8,260	36.7%	6,190	27.5%	2,430	10.8%	22,510
15 Cherokee, Panola, Rusk	3,960	27.1%	4,550	31.1%	4,270	29.1%	1,860	12.7%	14,640
16 Jasper, Newton, Sabine, San Augustine, Shelby, Tyler	3,030	25.6%	3,570	30.2%	3,640	30.7%	1,600	13.5%	11,840
17 Angelina, Nacogdoches	3,660	26.6%	5,000	36.3%	3,610	26.2%	1,500	10.9%	13,760
18 Anderson, Henderson	3,600	25.6%	4,610	32.8%	3,990	28.4%	1,860	13.2%	14,060
19 Falls, Freestone, Hill, Limestone, Navarro	3,530	23.3%	5,230	34.5%	4,470	29.5%	1,930	12.7%	15,150
20 Kaufman, Rockwall	5,590	30.1%	6,140	33.0%	5,030	27.1%	1,830	9.8%	18,590
21 Collin	15,830	26.1%	21,790	35.9%	16,460	27.2%	6,540	10.8%	60,610
22 Denton	14,420	26.0%	21,210	38.2%	14,840	26.7%	5,010	9.0%	55,470
23 Dallas	69,000	23.6%	99,770	34.2%	93,000	31.9%	30,180	10.3%	291,960
24 Ellis	4,010	26.8%	5,710	38.1%	3,910	26.1%	1,350	9.0%	14,970
25 Parker, Tarrant	49,510	25.9%	67,790	35.4%	53,930	28.2%	20,110	10.5%	191,330
26 Johnson	5,420	26.9%	7,100	35.3%	5,750	28.6%	1,850	9.2%	20,130
27 Bosque, Callahan, Comanche, Eastland, Erath, Hood, Somervell	4,330	28.1%	5,020	32.6%	4,180	27.1%	1,890	12.3%	15,400
28 Fisher, Haskell, Jones, Kent, Mitchell, Nolan, Palo Pinto, Scurry, Shackelford, Stephens, Stonewall, Throckmort	2,670	22.4%	3,830	32.1%	3,730	31.3%	1,700	14.3%	11,920
29 Taylor	3,090	26.2%	4,470	37.8%	3,030	25.7%	1,220	10.3%	11,810
30 Coke, Tom Green	3,090	24.4%	4,680	37.0%	3,460	27.4%	1,430	11.3%	12,660
31 Borden, Concho, Crockett, Dawson, Glasscock, Howard, Irion, Kimble, Martin, Mason, McCulloch, Menard, Reagan, Runnels, Scheicher, Sterling, Sutton, Upton	2,390	22.1%	3,070	28.5%	3,630	33.7%	1,700	15.7%	10,790

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Table 7. Texans Eligible for Premium Tax Credits, Distribution by Age and County, 2014 (cont'd)

County Name(s)	Under 18		Age 18-34		Age 35-54		Age 55+		Total Number
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	
32 Midland	3,750	25.4%	5,480	37.2%	4,020	27.2%	1,500	10.2%	14,750
33 Ector	4,820	27.4%	6,330	36.0%	4,840	27.5%	1,590	9.1%	17,590
34 Andrews, Brewster, Crane, Culberson, Gaines, Hudspeth, Jeff Davis, Loving, Pecos, Presidio, Reeves, Terrell, Ward, Winkler	2,680	22.9%	3,930	33.7%	3,700	31.7%	1,360	11.6%	11,670
35 El Paso	21,510	25.0%	30,390	35.3%	25,410	29.5%	8,860	10.3%	86,160
36 Blanco, Brown, Burnet, Coleman, Hamilton, Lampasas, Llano, Mills, San Saba	3,940	24.4%	4,550	28.1%	4,930	30.5%	2,750	17.0%	16,170
37 Bell, Coryell	7,090	27.0%	10,440	39.8%	7,000	26.7%	1,710	6.5%	26,230
38 McLennan	5,920	24.8%	9,070	38.0%	6,190	25.9%	2,720	11.4%	23,890
39 Austin, Burleson, Grimes, Leon, Madison, Robertson, Washington	3,490	27.2%	4,200	32.7%	3,360	26.2%	1,790	13.9%	12,840
40 Brazos	2,980	19.8%	8,450	56.1%	2,440	16.2%	1,200	8.0%	15,070
41 Houston, Polk, San Jacinto, Trinity, Walker	3,470	22.7%	5,640	36.9%	4,270	27.9%	1,910	12.5%	15,280
42 Hardin, Orange	3,250	26.5%	4,090	33.2%	3,440	28.0%	1,520	12.3%	12,300
43 Jefferson	5,170	24.2%	7,420	34.7%	6,070	28.4%	2,720	12.7%	21,380
44 Chambers, Liberty, Montgomery, Waller	15,220	26.6%	20,190	35.2%	15,730	27.5%	6,150	10.7%	57,280
45 Harris	107,890	24.1%	156,090	34.9%	135,250	30.3%	47,640	10.7%	446,850
46 Fort Bend	11,320	24.8%	16,450	36.1%	12,390	27.2%	5,430	11.9%	45,590
47 Brazoria	8,210	27.3%	10,760	35.8%	8,100	26.9%	3,020	10.0%	30,080
48 Galveston	6,010	24.9%	8,260	34.2%	6,970	28.9%	2,910	12.1%	24,150
49 Colorado, Lavaca, Matagorda, Wharton	3,130	24.7%	4,290	33.8%	3,620	28.6%	1,640	12.9%	12,680
50 Bastrop, Caldwell, Fayette, Lee, Milam	4,640	26.9%	5,360	31.1%	5,170	30.0%	2,090	12.1%	17,250
51 Williamson	9,360	26.0%	13,040	36.2%	10,000	27.8%	3,580	9.9%	35,980
52 Hays, Travis	24,850	22.0%	46,060	40.7%	32,110	28.4%	10,160	9.0%	113,170
53 Comal, Guadalupe	5,290	24.7%	7,540	35.2%	6,350	29.7%	2,240	10.4%	21,410
54 Bexar	41,570	24.6%	62,220	36.8%	48,790	28.9%	16,310	9.7%	168,880
55 Atascosa, DeWitt, Goliad, Gonzales, Karnes, Wilson	3,000	24.0%	4,360	34.8%	3,690	29.5%	1,480	11.8%	12,530
56 Bandera, Frio, Gillespie, Kendall, Kerr, Medina	4,480	22.3%	6,440	32.1%	6,430	32.1%	2,700	13.5%	20,050
57 Dimmit, Edwards, Kinney, La Salle, Maverick, Real, Uvalde, Val Verde, Zavala	5,690	26.8%	6,930	32.7%	6,290	29.7%	2,290	10.8%	21,200
58 Webb	9,130	29.2%	10,960	35.0%	8,240	26.3%	2,960	9.5%	31,300
59 Aransas, Bee, Duval, Jim Wells, Live Oak, McMullen, Refugio	3,520	23.1%	5,270	34.6%	4,750	31.2%	1,690	11.1%	15,230
60 Calhoun, Jackson, Victoria	3,290	24.4%	4,450	33.0%	4,090	30.3%	1,660	12.3%	13,480
61 Nueces, San Patricio	9,420	23.9%	14,070	35.7%	11,500	29.2%	4,450	11.3%	39,450
62 Brooks, Jim Hogg, Kenedy, Kleberg, Starr, Willacy, Zapata	4,230	25.7%	5,950	36.2%	4,850	29.5%	1,420	8.6%	16,450
63 Hidalgo	23,560	25.8%	32,880	36.0%	26,750	29.3%	8,170	8.9%	91,370
64 Cameron	12,630	26.3%	16,540	34.5%	13,820	28.8%	5,030	10.5%	48,010
Total, all counties	642,960	24.9%	914,110	35.4%	749,440	29.1%	273,370	10.6%	2,579,810

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. Texans 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 Armstrong, Briscoe, Carson, Castro, Childress, Collingsworth, Dallam, Deaf Smith, Donley, Gray, Hall, Hansford, Hartley, Hemphill, Hutchinson, Lipscomb, Moore, Ochiltree, Oldham, Parmer, Roberts, Sherman, Swisher, Wheeler	8,470	46.2%	350	1.9%	9,060	49.4%	470	2.5%	18,340
2 Potter	6,310	45.0%	1,180	8.4%	5,940	42.4%	590	4.2%	14,020
3 Randall	8,370	72.7%	250	2.2%	2,310	20.1%	580	5.0%	11,510
4 Bailey, Cochran, Crosby, Dickens, Floyd, Garza, Hale, Hockley, King, Lamb, Lynn, Motley, Terry, Yoakum	4,690	38.8%	270	2.2%	6,930	57.3%	190	1.6%	12,090
5 Lubbock	12,730	49.6%	1,370	5.3%	10,440	40.7%	1,120	4.4%	25,670
6 Archer, Baylor, Clay, Cottle, Foard, Hardeman, Jack, Knox, Montague, Wilbarger, Wise, Young	14,360	75.3%	370	1.9%	3,870	20.3%	480	2.5%	19,070
7 Wichita	6,740	63.6%	990	9.3%	2,340	22.0%	540	5.1%	10,600
8 Cooke, Grayson	13,730	73.5%	980	5.3%	3,130	16.8%	820	4.4%	18,670
9 Fannin, Hunt	8,770	70.4%	840	6.8%	2,310	18.6%	530	4.2%	12,450
10 Delta, Franklin, Hopkins, Lamar, Morris, Red River, Titus	12,350	64.4%	2,010	10.5%	4,060	21.2%	770	4.0%	19,190
11 Bowie, Cass	9,100	68.3%	2,840	21.3%	910	6.8%	490	3.6%	13,330
12 Camp, Marion, Rains, Upshur, Van Zandt, Wood	16,680	78.2%	1,650	7.7%	2,090	9.8%	920	4.3%	21,340
13 Gregg, Harrison	11,780	58.2%	4,060	20.1%	3,940	19.5%	460	2.3%	20,240
14 Smith	12,450	55.3%	3,640	16.2%	5,800	25.8%	610	2.7%	22,510
15 Cherokee, Panola, Rusk	9,310	63.6%	2,300	15.7%	2,670	18.3%	350	2.4%	14,640
16 Jasper, Newton, Sabine, San Augustine, Shelby, Tyler	8,740	73.9%	1,820	15.4%	1,030	8.7%	250	2.1%	11,840
17 Angelina, Nacogdoches	8,390	60.9%	1,460	10.6%	3,240	23.5%	680	4.9%	13,760
18 Anderson, Henderson	9,990	71.0%	1,650	11.8%	2,120	15.1%	300	2.1%	14,060
19 Falls, Freestone, Hill, Limestone, Navarro	8,820	58.2%	1,740	11.5%	4,400	29.1%	190	1.3%	15,150
20 Kaufman, Rockwall	10,950	58.9%	1,640	8.8%	5,280	28.4%	730	3.9%	18,590
21 Collin	31,640	52.2%	5,160	8.5%	15,240	25.1%	8,570	14.1%	60,610
22 Denton	30,570	55.1%	4,710	8.5%	15,220	27.4%	4,970	9.0%	55,470
23 Dallas	73,640	25.2%	48,380	16.6%	149,880	51.3%	20,050	6.9%	291,960
24 Ellis	8,090	54.0%	1,360	9.1%	5,250	35.1%	270	1.8%	14,970
25 Parker, Tarrant	85,980	44.9%	21,790	11.4%	69,410	36.3%	14,160	7.4%	191,330
26 Johnson	13,720	68.2%	420	2.1%	5,120	25.4%	870	4.3%	20,130
27 Bosque, Callahan, Comanche, Eastland, Erath, Hood, Somervell	11,990	77.8%	130	0.8%	2,690	17.4%	600	3.9%	15,400
28 Fisher, Haskell, Jones, Kent, Mitchell, Nolan, Palo Pinto, Scurry, Shackelford, Stephens, Stonewall, Throckmort	7,950	66.7%	470	4.0%	3,220	27.0%	280	2.4%	11,920
29 Taylor	7,240	61.3%	700	5.9%	3,470	29.4%	390	3.3%	11,810
30 Coke, Tom Green	6,330	50.0%	350	2.7%	5,700	45.0%	280	2.2%	12,660
31 Borden, Concho, Crockett, Dawson, Glasscock, Howard, Irion, Kimble, Martin, Mason, McCulloch, Menard, Reagan, Runnels, Scheicher, Sterling, Sutton, Upton	5,120	47.5%	260	2.4%	5,180	48.0%	230	2.2%	10,790

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**Table 8. Texans Eligible for Premium Tax Credits,
Distribution by Race/Ethnicity and County, 2014 (cont'd)**

County Name(s)	White, Non-Hispanic		Black, Non-Hispanic		Hispanic		Other*		Total Number
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	
32 Midland	5,520	37.5%	980	6.6%	8,110	55.0%	140	0.9%	14,750
33 Ector	5,270	30.0%	580	3.3%	11,410	64.9%	330	1.9%	17,590
34 Andrews, Brewster, Crane, Culberson, Gaines, Hudspeth, Jeff Davis, Loving, Pecos, Presidio, Reeves, Terrell, Ward, Winkler	2,970	25.5%	110	0.9%	8,160	69.9%	430	3.7%	11,670
35 El Paso	6,880	8.0%	1,530	1.8%	76,350	88.6%	1,410	1.6%	86,160
36 Blanco, Brown, Burnet, Coleman, Hamilton, Lampasas, Llano, Mills, San Saba	11,910	73.7%	340	2.1%	3,700	22.8%	220	1.4%	16,170
37 Bell, Coryell	12,870	49.1%	3,980	15.2%	7,880	30.0%	1,510	5.7%	26,230
38 McLennan	13,130	54.9%	2,730	11.4%	6,990	29.2%	1,050	4.4%	23,890
39 Austin, Burleson, Grimes, Leon, Madison, Robertson, Washington	7,820	60.9%	1,640	12.8%	2,960	23.0%	430	3.3%	12,840
40 Brazos	9,410	62.5%	1,180	7.9%	3,470	23.0%	1,000	6.6%	15,070
41 Houston, Polk, San Jacinto, Trinity, Walker	10,090	66.0%	1,930	12.6%	2,660	17.4%	600	3.9%	15,280
42 Hardin, Orange	10,210	83.0%	1,070	8.7%	800	6.5%	220	1.8%	12,300
43 Jefferson	8,590	40.2%	6,970	32.6%	4,710	22.0%	1,110	5.2%	21,380
44 Chambers, Liberty, Montgomery, Waller	34,550	60.3%	3,410	6.0%	16,740	29.2%	2,580	4.5%	57,280
45 Harris	113,210	25.3%	67,690	15.1%	233,820	52.3%	32,140	7.2%	446,850
46 Fort Bend	12,120	26.6%	8,810	19.3%	16,710	36.7%	7,950	17.4%	45,590
47 Brazoria	12,620	42.0%	2,690	8.9%	12,660	42.1%	2,110	7.0%	30,080
48 Galveston	11,400	47.2%	3,050	12.6%	8,240	34.1%	1,460	6.0%	24,150
49 Colorado, Lavaca, Matagorda, Wharton	5,230	41.2%	1,270	10.0%	5,720	45.1%	470	3.7%	12,680
50 Bastrop, Caldwell, Fayette, Lee, Milam	9,320	54.0%	950	5.5%	6,610	38.3%	390	2.2%	17,250
51 Williamson	19,480	54.1%	2,080	5.8%	11,810	32.8%	2,620	7.3%	35,980
52 Hays, Travis	44,730	39.5%	7,330	6.5%	52,720	46.6%	8,390	7.4%	113,170
53 Comal, Guadalupe	9,840	46.0%	690	3.2%	10,330	48.3%	550	2.6%	21,410
54 Bexar	34,410	20.4%	7,910	4.7%	120,240	71.2%	6,320	3.7%	168,880
55 Atascosa, DeWitt, Goliad, Gonzales, Karnes, Wilson	4,800	38.3%	240	1.9%	7,380	58.9%	110	0.9%	12,530
56 Bandera, Frio, Gillespie, Kendall, Kerr, Medina	10,980	54.8%	130	0.6%	8,440	42.1%	500	2.5%	20,050
57 Dimmit, Edwards, Kinney, La Salle, Maverick, Real, Uvalde, Val Verde, Zavala	2,650	12.5%	100	0.5%	18,080	85.3%	370	1.7%	21,200
58 Webb	830	2.7%	10	0.0%	30,150	96.3%	310	1.0%	31,300
59 Aransas, Bee, Duval, Jim Wells, Live Oak, McMullen, Refugio	3,660	24.0%	130	0.9%	11,180	73.4%	260	1.7%	15,230
60 Calhoun, Jackson, Victoria	5,330	39.5%	680	5.0%	7,330	54.4%	150	1.1%	13,480
61 Nueces, San Patricio	9,730	24.7%	1,040	2.6%	27,920	70.8%	760	1.9%	39,450
62 Brooks, Jim Hogg, Kenedy, Kleberg, Starr, Willacy, Zapata	960	5.8%	80	0.5%	15,220	92.5%	200	1.2%	16,450
63 Hidalgo	4,830	5.3%	100	0.1%	85,260	93.3%	1,180	1.3%	91,370
64 Cameron	3,590	7.5%	10	0.0%	43,690	91.0%	720	1.5%	48,010
Total, all counties	943,920	36.6%	246,550	9.6%	1,249,680	48.4%	139,710	5.4%	2,579,810

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.

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 6.1 million Texans 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 Texans. 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 18). 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 2.6 million Texans 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 19).

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 2.6 million Texans 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 Texas'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 Texas 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 Texas will take advantage of the opportunity to expand Medicaid to all Texans 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, Texans 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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