



New Health Insurance
Tax Credits in Virginia

Families USA

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

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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 Virginians to purchase quality health coverage.

This report takes a closer look at these premium tax credits in Virginia, which will help Virginians 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 Virginia and across the country could benefit from the new premium tax credits in 2014. We found that more than 624,000 Virginians 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 Virginia, 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, Virginia 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 Virginians 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 Virginia.

Numbers of People Eligible for the Premium Tax Credit

- Statewide, more than 624,000 Virginians 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 about 57 percent of Virginians who will be eligible for premium tax credits (see Table 1).

Table 1.

Virginians 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%	269,940	43.3%
200-399%	354,150	56.7%
Total	624,060	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 Virginians who will be eligible for premium tax credits—about 87.5 percent—will be in working families.
- Statewide, more than 546,000 people, the majority of Virginians 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.

Virginians 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*	546,190	87.5%
Not Employed*	77,890	12.5%
Total	624,060	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 Virginians in all age groups, from hardworking Virginians 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 38 percent of all those who will be eligible (see Table 3).

Table 3.

Virginians 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	130,330	20.9%
18-34	236,080	37.8%
35-54	180,470	28.9%
55 and over	77,220	12.4%
Total	624,060	100%

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

Help for All Races and Ethnicities

- More than six in 10 (about 62 percent) of the Virginians who will be eligible for premium tax credits will be white, non-Hispanics (see Table 4).
- Approximately one in five (about 20 percent) of the Virginians who will be eligible will be black, non-Hispanics (see Table 4).
- Approximately 11 percent of the Virginians who will be eligible will be Hispanics (see Table 4).
- Approximately 7 percent of the Virginians 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).

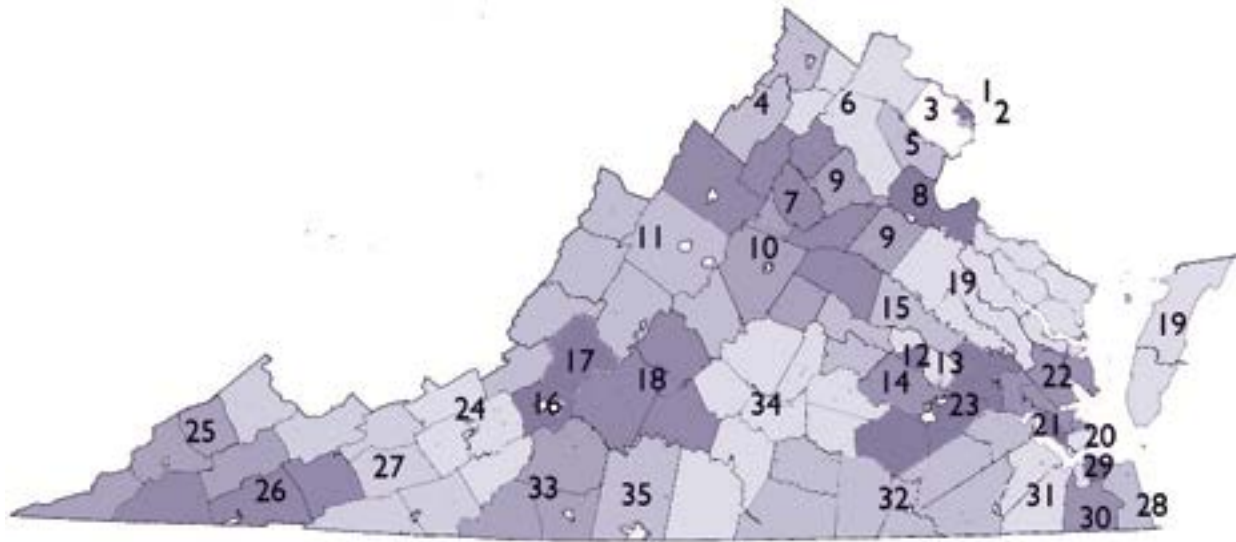
Table 4.

Virginians 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	385,890	61.8%
Black, Non-Hispanic	122,580	19.6%
Hispanic	70,220	11.3%
Other*	45,400	7.3%
Total	624,060	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.



Virginia County Locations

- | | | | | | |
|----|---|----|--|----|--|
| 1 | Arlington | 13 | Henrico | 25 | Dickenson, Lee, Norton city, Russell, Wise |
| 2 | Alexandria city | 14 | Chesterfield | 26 | Bristol city, Scott, Smyth, Washington |
| 3 | Fairfax, Fairfax city, Falls Church city | 15 | Goochland, Hanover, Powhatan | 27 | Bland, Buchanan, Carroll, Galax city, Grayson, Tazewell, Wythe |
| 4 | Frederick, Shenandoah, Winchester city | 16 | Roanoke city, Salem city | 28 | Virginia Beach city |
| 5 | Manassas city, Manassas Park city, Prince William | 17 | Botetourt, Roanoke | 29 | Norfolk city |
| 6 | Clarke, Fauquier, Loudoun, Warren | 18 | Amherst, Bedford, Bedford city, Campbell, Lynchburg city | 30 | Chesapeake city |
| 7 | Harrisonburg city, Louisa, Madison, Orange, Page, Rappahannock, Rockingham | 19 | Accomack, Caroline, Essex, King and Queen, King William, Lancaster, Middlesex, Northampton, Northumberland, Richmond, Westmoreland | 31 | Isle of Wight, Portsmouth city, Suffolk city |
| 8 | King George, Stafford | 20 | Newport News city | 32 | Brunswick, Emporia city, Franklin city, Greenville, Lunenburg, Mecklenburg, Southampton, Surry, Sussex |
| 9 | Culpeper, Fredericksburg city, Spotsylvania | 21 | Hampton city | 33 | Franklin, Henry, Martinsville city, Patrick |
| 10 | Albemarle, Charlottesville city, Fluvanna, Greene | 22 | Gloucester, James City, Mathews, Poquoson city, Williamsburg city, York | 34 | Amelia, Appomattox, Buckingham, Charlotte, Cumberland, Halifax, Nottoway, Prince Edward |
| 11 | Alleghany, Augusta, Bath, Buena Vista city, Clifton Forge city, Covington city, Craig, Highland, Lexington city, Nelson, Rockbirdge, Staunton city, Waynesboro city | 23 | Charles City, Colonial Heights city, Dinwiddie, Hopewell city, New Kent, Petersburg city, Prince George | 35 | Danville city, Pittsylvania |
| 12 | Richmond city | 24 | Floyd, Giles, Montgomery, Pulaski, Radford city | | |

**Table 5. Virginians 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 Arlington	5,640	58.0%	4,080	42.0%	9,720
2 Alexandria city	4,620	52.8%	4,120	47.2%	8,740
3 Fairfax, Fairfax city, Falls Church city	28,970	43.0%	38,350	57.0%	67,320
4 Frederick, Shenandoah, Winchester city	6,030	38.9%	9,480	61.1%	15,510
5 Manassas city, Manassas Park city, Prince William	12,650	36.7%	21,790	63.3%	34,440
6 Clarke, Fauquier, Loudoun, Warren	9,510	37.9%	15,570	62.1%	25,070
7 Harrisonburg city, Louisa, Madison, Orange, Page, Rappahannock, Rockingham	10,830	45.4%	13,010	54.6%	23,840
8 King George, Stafford	3,090	35.4%	5,630	64.6%	8,710
9 Culpeper, Fredericksburg city, Spotsylvania	5,960	42.9%	7,930	57.1%	13,880
10 Albemarle, Charlottesville city, Fluvanna, Greene	7,460	50.2%	7,390	49.8%	14,850
11 Alleghany, Augusta, Bath, Buena Vista city, Clifton Forge city, Covington city, Craig, Highland, Lexington city, Nelson, Rockbridge, Staunton city, Waynesboro city	9,030	40.3%	13,350	59.7%	22,380
12 Richmond city	9,840	54.1%	8,350	45.9%	18,190
13 Henrico	8,290	39.2%	12,880	60.8%	21,180
14 Chesterfield	9,420	37.6%	15,640	62.4%	25,060
15 Goochland, Hanover, Powhatan	2,390	31.1%	5,300	68.9%	7,690
16 Roanoke city, Salem city	4,760	44.2%	6,000	55.8%	10,760
17 Botetourt, Roanoke	3,130	34.8%	5,850	65.2%	8,980
18 Amherst, Bedford, Bedford city, Campbell, Lynchburg city	11,320	48.5%	12,030	51.5%	23,350
19 Accomack, Caroline, Essex, King and Queen, King William, Lancaster, Middlesex, Northampton, Northumberland, Richmond, Westmoreland	6,880	39.6%	10,520	60.4%	17,400
20 Newport News city	6,660	47.2%	7,440	52.8%	14,100
21 Hampton city	4,210	39.6%	6,430	60.4%	10,640
22 Gloucester, James City, Mathews, Poquoson city, Williamsburg city, York	5,070	42.0%	6,990	58.0%	12,060
23 Charles City, Colonial Heights city, Dinwiddie, Hopewell city, New Kent, Petersburg city, Prince George	7,180	47.9%	7,800	52.1%	14,980

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**Table 5. Virginians 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	
24 Floyd, Giles, Montgomery, Pulaski, Radford city	9,110	53.5%	7,910	46.5%	17,010
25 Dickenson, Lee, Norton city, Russell, Wise	5,150	44.4%	6,450	55.6%	11,600
26 Bristol city, Scott, Smyth, Washington	5,110	42.2%	7,020	57.8%	12,130
27 Bland, Buchanan, Carroll, Galax city, Grayson, Tazewell, Wythe	7,800	43.3%	10,210	56.7%	18,000
28 Virginia Beach city	12,710	39.9%	19,100	60.1%	31,810
29 Norfolk city	11,180	53.3%	9,810	46.7%	20,990
30 Chesapeake city	5,280	33.9%	10,300	66.1%	15,580
31 Isle of Wight, Portsmouth city, Suffolk city	6,550	38.4%	10,500	61.6%	17,050
32 Brunswick, Emporia city, Franklin city, Greenville, Lunenburg, Mecklenburg, Southampton, Surry, Sussex	6,140	48.7%	6,460	51.3%	12,610
33 Franklin, Henry, Martinsville city, Patrick	6,790	45.8%	8,040	54.2%	14,820
34 Amelia, Appomattox, Buckingham, Charlotte, Cumberland, Halifax, Nottoway, Prince Edward	6,230	46.1%	7,290	53.9%	13,510
35 Danville city, Pittsylvania	4,950	49.0%	5,150	51.0%	10,100
Total, all counties	269,940	43.3%	354,150	56.7%	624,060

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. Virginians 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 Arlington	8,210	84.5%	1,510	15.5%	9,720
2 Alexandria city	7,550	86.4%	1,190	13.6%	8,740
3 Fairfax, Fairfax city, Falls Church city	56,850	84.5%	10,470	15.6%	67,320
4 Frederick, Shenandoah, Winchester city	13,940	89.8%	1,580	10.2%	15,510
5 Manassas city, Manassas Park city, Prince William	30,530	88.7%	3,910	11.3%	34,440
6 Clarke, Fauquier, Loudoun, Warren	22,070	88.0%	3,010	12.0%	25,070
7 Harrisonburg city, Louisa, Madison, Orange, Page, Rappahannock, Rockingham	20,950	87.9%	2,890	12.1%	23,840
8 King George, Stafford	7,580	87.0%	1,130	13.0%	8,710
9 Culpeper, Fredericksburg city, Spotsylvania	12,360	89.0%	1,520	11.0%	13,880
10 Albemarle, Charlottesville city, Fluvanna, Greene	12,910	87.0%	1,940	13.0%	14,850
11 Alleghany, Augusta, Bath, Buena Vista city, Clifton Forge city, Covington city, Craig, Highland, Lexington city, Nelson, Rockbridge, Staunton city, Waynesboro city	19,860	88.7%	2,530	11.3%	22,380
12 Richmond city	15,670	86.1%	2,520	13.9%	18,190
13 Henrico	18,810	88.8%	2,370	11.2%	21,180
14 Chesterfield	22,430	89.5%	2,620	10.5%	25,060
15 Goochland, Hanover, Powhatan	6,870	89.4%	820	10.6%	7,690
16 Roanoke city, Salem city	9,620	89.3%	1,150	10.7%	10,760
17 Botetourt, Roanoke	7,960	88.7%	1,020	11.3%	8,980
18 Amherst, Bedford, Bedford city, Campbell, Lynchburg city	20,690	88.6%	2,660	11.4%	23,350
19 Accomack, Caroline, Essex, King and Queen, King William, Lancaster, Middlesex, Northampton, Northumberland, Richmond, Westmoreland	15,460	88.9%	1,930	11.1%	17,400
20 Newport News city	12,370	87.7%	1,730	12.3%	14,100
21 Hampton city	9,260	87.1%	1,380	12.9%	10,640
22 Gloucester, James City, Mathews, Poquoson city, Williamsburg city, York	10,340	85.7%	1,720	14.3%	12,060
23 Charles City, Colonial Heights city, Dinwiddie, Hopewell city, New Kent, Petersburg city, Prince George	13,270	88.6%	1,700	11.4%	14,980

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**Table 6. Virginians 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	
24 Floyd, Giles, Montgomery, Pulaski, Radford city	14,540	85.5%	2,480	14.5%	17,010
25 Dickenson, Lee, Norton city, Russell, Wise	10,210	88.0%	1,390	12.0%	11,600
26 Bristol city, Scott, Smyth, Washington	10,800	89.0%	1,340	11.0%	12,130
27 Bland, Buchanan, Carroll, Galax city, Grayson, Tazewell, Wythe	15,870	88.1%	2,140	11.9%	18,000
28 Virginia Beach city	27,390	86.1%	4,420	13.9%	31,810
29 Norfolk city	17,700	84.3%	3,290	15.7%	20,990
30 Chesapeake city	13,920	89.3%	1,670	10.7%	15,580
31 Isle of Wight, Portsmouth city, Suffolk city	15,290	89.7%	1,760	10.3%	17,050
32 Brunswick, Emporia city, Franklin city, Greensville, Lunenburg, Mecklenburg, Southampton, Surry, Sussex	11,010	87.3%	1,600	12.7%	12,610
33 Franklin, Henry, Martinsville city, Patrick	13,180	88.9%	1,650	11.1%	14,820
34 Amelia, Appomattox, Buckingham, Charlotte, Cumberland, Halifax, Nottoway, Prince Edward	11,920	88.2%	1,590	11.8%	13,510
35 Danville city, Pittsylvania	8,810	87.2%	1,290	12.8%	10,100
Total, all counties	546,190	87.5%	77,890	12.5%	624,060

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. Virginians 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 Arlington	1,210	12.4%	4,380	45.1%	2,930	30.1%	1,200	12.4%	9,720
2 Alexandria city	1,430	16.3%	3,500	40.0%	2,720	31.1%	1,100	12.5%	8,740
3 Fairfax, Fairfax city, Falls Church city	13,340	19.8%	23,310	34.6%	19,250	28.6%	11,420	17.0%	67,320
4 Frederick, Shenandoah, Winchester city	3,200	20.6%	5,240	33.8%	5,100	32.9%	1,980	12.7%	15,510
5 Manassas city, Manassas Park city, Prince William	7,790	22.6%	13,320	38.7%	10,010	29.0%	3,330	9.7%	34,440
6 Clarke, Fauquier, Loudoun, Warren	5,690	22.7%	9,940	39.7%	6,740	26.9%	2,700	10.8%	25,070
7 Harrisonburg city, Louisa, Madison, Orange, Page, Rappahannock, Rockingham	5,260	22.1%	9,100	38.2%	6,570	27.5%	2,920	12.2%	23,840
8 King George, Stafford	2,150	24.7%	3,580	41.1%	2,260	25.9%	720	8.3%	8,710
9 Culpeper, Fredericksburg city, Spotsylvania	3,180	22.9%	5,720	41.2%	3,680	26.5%	1,310	9.4%	13,880
10 Albemarle, Charlottesville city, Fluvanna, Greene	2,760	18.6%	6,650	44.8%	3,550	23.9%	1,880	12.7%	14,850
11 Alleghany, Augusta, Bath, Buena Vista city, Clifton Forge city, Covington city, Craig, Highland, Lexington city, Nelson, Rockbridge, Staunton city, Waynesboro city	4,320	19.3%	8,120	36.3%	6,800	30.4%	3,150	14.1%	22,380
12 Richmond city	3,180	17.5%	7,110	39.1%	5,620	30.9%	2,280	12.6%	18,190
13 Henrico	4,460	21.0%	7,530	35.6%	6,630	31.3%	2,560	12.1%	21,180
14 Chesterfield	5,660	22.6%	9,540	38.1%	6,980	27.9%	2,870	11.4%	25,060
15 Goochland, Hanover, Powhatan	1,900	24.7%	2,560	33.3%	2,080	27.1%	1,150	14.9%	7,690
16 Roanoke city, Salem city	2,420	22.5%	3,850	35.8%	3,170	29.5%	1,320	12.3%	10,760
17 Botetourt, Roanoke	2,000	22.3%	2,840	31.6%	2,510	27.9%	1,630	18.2%	8,980
18 Amherst, Bedford, Bedford city, Campbell, Lynchburg city	4,730	20.3%	9,060	38.8%	6,500	27.8%	3,060	13.1%	23,350
19 Accomack, Caroline, Essex, King and Queen, King William, Lancaster, Middlesex, Northampton, Northumberland, Richmond, Westmoreland	3,400	19.5%	6,120	35.2%	5,310	30.5%	2,570	14.8%	17,400
20 Newport News city	3,350	23.8%	5,020	35.6%	4,250	30.2%	1,470	10.4%	14,100
21 Hampton city	1,990	18.7%	4,360	41.0%	3,340	31.4%	950	8.9%	10,640
22 Gloucester, James City, Mathews, Poquoson city, Williamsburg city, York	2,580	21.4%	4,470	37.1%	3,350	27.7%	1,670	13.8%	12,060
23 Charles City, Colonial Heights city, Dinwiddie, Hopewell city, New Kent, Petersburg city, Prince George	3,080	20.5%	5,870	39.2%	4,580	30.6%	1,450	9.7%	14,980

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Table 7. Virginians 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	
24 Floyd, Giles, Montgomery, Pulaski, Radford city	3,250	19.1%	8,290	48.7%	3,530	20.7%	1,950	11.5%	17,010
25 Dickenson, Lee, Norton city, Russell, Wise	2,670	23.1%	3,890	33.5%	3,700	31.9%	1,340	11.6%	11,600
26 Bristol city, Scott, Smyth, Washington	2,510	20.7%	4,360	36.0%	3,680	30.3%	1,580	13.0%	12,130
27 Bland, Buchanan, Carroll, Galax city, Grayson, Tazewell, Wythe	3,780	21.0%	6,320	35.1%	5,580	31.0%	2,330	12.9%	18,000
28 Virginia Beach city	6,800	21.4%	12,560	39.5%	9,390	29.5%	3,060	9.6%	31,810
29 Norfolk city	4,290	20.4%	9,690	46.2%	5,320	25.4%	1,690	8.0%	20,990
30 Chesapeake city	3,620	23.2%	6,010	38.6%	4,540	29.2%	1,410	9.1%	15,580
31 Isle of Wight, Portsmouth city, Suffolk city	4,240	24.9%	6,140	36.0%	4,940	28.9%	1,740	10.2%	17,050
32 Brunswick, Emporia city, Franklin city, Greensville, Lunenburg, Mecklenburg, Southampton, Surry, Sussex	2,650	21.0%	4,280	34.0%	3,910	31.1%	1,770	14.0%	12,610
33 Franklin, Henry, Martinsville city, Patrick	2,750	18.5%	5,060	34.2%	4,990	33.7%	2,030	13.7%	14,820
34 Amelia, Appomattox, Buckingham, Charlotte, Cumberland, Halifax, Nottoway, Prince Edward	2,870	21.2%	4,980	36.9%	3,690	27.3%	1,970	14.6%	13,510
35 Danville city, Pittsylvania	1,840	18.2%	3,280	32.5%	3,300	32.6%	1,690	16.7%	10,100
Total, all counties	130,330	20.9%	236,080	37.8%	180,470	28.9%	77,220	12.4%	624,060

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. Virginians 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 Arlington	4,810	49.5%	850	8.7%	2,900	29.8%	1,170	12.0%	9,720
2 Alexandria city	3,690	42.2%	1,870	21.3%	2,480	28.3%	710	8.1%	8,740
3 Fairfax, Fairfax city, Falls Church city	29,600	44.0%	6,900	10.2%	16,890	25.1%	13,940	20.7%	67,320
4 Frederick, Shenandoah, Winchester city	12,810	82.6%	980	6.3%	1,260	8.1%	470	3.0%	15,510
5 Manassas city, Manassas Park city, Prince William	13,030	37.8%	5,980	17.4%	12,240	35.5%	3,190	9.3%	34,440
6 Clarke, Fauquier, Loudoun, Warren	15,080	60.1%	2,240	8.9%	4,390	17.5%	3,370	13.4%	25,070
7 Harrisonburg city, Louisa, Madison, Orange, Page, Rappahannock, Rockingham	19,200	80.5%	1,780	7.4%	2,210	9.3%	660	2.8%	23,840
8 King George, Stafford	5,290	60.7%	1,610	18.5%	1,420	16.3%	390	4.5%	8,710
9 Culpeper, Fredericksburg city, Spotsylvania	8,950	64.4%	2,070	14.9%	1,910	13.8%	960	6.9%	13,880
10 Albemarle, Charlottesville city, Fluvanna, Greene	10,830	72.9%	2,120	14.3%	840	5.6%	1,060	7.2%	14,850
11 Alleghany, Augusta, Bath, Buena Vista city, Clifton Forge city, Covington city, Craig, Highland, Lexington city, Nelson, Rockbridge, Staunton city, Waynesboro city	20,060	89.6%	1,200	5.4%	500	2.2%	630	2.8%	22,380
12 Richmond city	6,620	36.4%	9,250	50.9%	1,310	7.2%	1,010	5.5%	18,190
13 Henrico	11,520	54.4%	6,300	29.7%	1,170	5.5%	2,200	10.4%	21,180
14 Chesterfield	14,490	57.8%	5,900	23.6%	3,010	12.0%	1,660	6.6%	25,060
15 Goochland, Hanover, Powhatan	6,280	81.6%	1,000	13.0%	230	3.0%	190	2.4%	7,690
16 Roanoke city, Salem city	7,540	70.1%	2,270	21.1%	380	3.6%	570	5.3%	10,760
17 Botetourt, Roanoke	7,640	85.1%	440	4.9%	400	4.5%	500	5.5%	8,980
18 Amherst, Bedford, Bedford city, Campbell, Lynchburg city	18,000	77.1%	4,050	17.3%	530	2.3%	780	3.4%	23,350
19 Accomack, Caroline, Essex, King and Queen, King William, Lancaster, Middlesex, Northampton, Northumberland, Richmond, Westmoreland	10,360	59.5%	4,950	28.4%	1,460	8.4%	640	3.7%	17,400
20 Newport News city	6,290	44.6%	5,510	39.1%	1,340	9.5%	960	6.8%	14,100
21 Hampton city	4,230	39.8%	5,010	47.1%	930	8.8%	470	4.4%	10,640
22 Gloucester, James City, Mathews, Poquoson city, Williamsburg city, York	9,180	76.1%	1,460	12.1%	770	6.4%	650	5.4%	12,060
23 Charles City, Colonial Heights city, Dinwiddie, Hopewell city, New Kent, Petersburg city, Prince George	7,450	49.7%	6,160	41.1%	910	6.1%	460	3.1%	14,980

(continued next page)

Table 8. Virginians 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	
24 Floyd, Giles, Montgomery, Pulaski, Radford city	15,120	88.9%	540	3.2%	460	2.7%	900	5.3%	17,010
25 Dickenson, Lee, Norton city, Russell, Wise	11,240	96.9%	60	0.5%	210	1.8%	100	0.8%	11,600
26 Bristol city, Scott, Smyth, Washington	11,470	94.6%	100	0.8%	210	1.8%	350	2.8%	12,130
27 Bland, Buchanan, Carroll, Galax city, Grayson, Tazewell, Wythe	16,710	92.8%	410	2.3%	600	3.3%	290	1.6%	18,000
28 Virginia Beach city	18,940	59.6%	5,880	18.5%	3,840	12.1%	3,150	9.9%	31,810
29 Norfolk city	9,310	44.3%	8,700	41.4%	1,670	7.9%	1,320	6.3%	20,990
30 Chesapeake city	8,710	55.9%	4,900	31.4%	1,060	6.8%	920	5.9%	15,580
31 Isle of Wight, Portsmouth city, Suffolk city	8,510	49.9%	7,120	41.7%	680	4.0%	740	4.3%	17,050
32 Brunswick, Emporia city, Franklin city, Greenville, Lunenburg, Mecklenburg, Southampton, Surry, Sussex	6,590	52.2%	5,250	41.7%	530	4.2%	240	1.9%	12,610
33 Franklin, Henry, Martinsville city, Patrick	11,100	74.9%	2,440	16.4%	990	6.7%	300	2.0%	14,820
34 Amelia, Appomattox, Buckingham, Charlotte, Cumberland, Halifax, Nottoway, Prince Edward	8,850	65.5%	4,230	31.3%	240	1.8%	190	1.4%	13,510
35 Danville city, Pittsylvania	6,420	63.5%	3,100	30.7%	290	2.9%	300	2.9%	10,100
Total, all counties	385,890	61.8%	122,580	19.6%	70,220	11.3%	45,400	7.3%	624,060

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 million Virginians 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 Virginians. 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. More than 624,000 Virginians 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 more than 624,000 Virginians 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 Virginia'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 Virginia 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 Virginia will take advantage of the opportunity to expand Medicaid to all Virginians 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, Virginians 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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