

November 2013

# The Affordable Care Act:

## Federal Premium Tax Credit Eligibility



### Federal Premium Tax Credit

This fact sheet can help you determine whether a person may be eligible for a federal premium tax credit under the Affordable Care Act.

The premium tax credit is available for people who purchase individual coverage in the Health Insurance Marketplace of Illinois, and whose 2013 household income is between \$11,490 and \$45,960 (\$23,550 and \$94,200 for a family of four). The government bases the tax credit on the premium for the second lowest-cost Silver plan in the Marketplace, although a person can select any metallic level plan. The amount of the premium tax credit can vary depending on income. Additional cost-sharing reductions are available for those Silver enrollees whose household income ranges from \$11,490 to \$28,725 (\$23,550 to \$58,875 for a family of four).

To estimate the federal premium tax credit a person or family may be eligible for, visit the Blue Cross and Blue Shield of Illinois Shopping Guide at [bcbsil.com/health-insurance-shopping-guide/health-insurance-cost](http://bcbsil.com/health-insurance-shopping-guide/health-insurance-cost).

There are other factors that may affect a person's eligibility for a premium tax credit. Final determination of a person's eligibility for the premium tax credit, and/or amount of the credit, is determined by the Marketplace, not Blue Cross and Blue Shield of Illinois.

### Employer Coverage

An individual who has access to employer coverage that meets federal minimum value and affordability standards may not receive the premium tax credits or cost-sharing assistance.

- If the employee, spouse and dependents are all offered coverage through the employer, and that coverage provides minimum value and meets the affordability standard for the employee, they may not be eligible for premium tax credits or cost-sharing assistance through the Marketplace.
- If only the employee (but not the employee's spouse or dependents) is offered coverage through the employer, the spouse and dependents may be eligible for premium tax credits and cost-sharing assistance available through the Marketplace, even if the employer-sponsored coverage provides minimum value and is considered affordable for the employee.
- If only the employee and the employee's dependent children are offered coverage through the employer, a spouse may be eligible for the premium tax credit and cost-sharing assistance through the Marketplace, even if the employer-sponsored coverage provides minimum value and is considered affordable for the employee.

### WHAT IS MINIMUM VALUE?

An employer plan meets minimum value if the plan pays at least 60 percent of covered health care expenses for a typical population.

### WHAT IS AFFORDABLE COVERAGE?

An employer plan is defined as affordable if an employee does not pay more than 9.5 percent of their household income for the lowest-cost, self-only coverage.



### Government Programs and Premium Tax Credit Eligibility

If a person qualifies for a program like Medicare, Medicaid, TRICARE, Children's Health Insurance Program (CHIP) or other programs, that person would not be eligible for a premium tax credit on the Marketplace. Please note that individuals should check with the Marketplace for more information on enrolling in Medicaid or CHIP.

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