

May 20, 2013

The Honorable Tim Murphy
Chairman
House Energy and Commerce Committee
Subcommittee on Oversight and Investigations
United States House of Representatives
2125 Rayburn House Office Building
Washington, DC 20515

The Honorable Diana DeGette
Ranking Member
House Energy and Commerce Committee
Subcommittee on Oversight and Investigations
United States House of Representatives
2125 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Murphy and Ranking Member DeGette:

I write to you on behalf of Families USA, a national nonprofit, non-partisan organization dedicated to the achievement of high-quality, affordable health care for all Americans.

Starting in January 2014, the Affordable Care Act will extend health coverage to millions of Americans. Middle- and low-income Americans will receive premium tax credits to help offset the cost of private health insurance. These tax credits will enable many previously uninsured individuals and families to purchase quality health care coverage through the health insurance marketplaces.

Premium Tax Credits Help Millions of Americans Access Affordable Health Insurance

Families USA commissioned *The Lewin Group* to use its widely respected Health Benefits Stimulation Model to estimate how many people across the country could benefit from the new premium tax credits in 2014. We found that an estimated **25.7 million** people will be eligible for tax credits in 2014. In Pennsylvania, **896,000 people** will be eligible for the tax credits in 2014. More than **466,000 Coloradans** will be eligible for the tax credits in 2014.

Many of the people who will be eligible for the tax credits will be in working families (**about 88 percent**) and will have incomes between two and four times poverty, or 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. Young adults are the likeliest age group to be eligible for the credits.

How the Premium Tax Credits Work

The premium tax credits will act like subsidies in that individuals and families will receive help as they buy insurance, rather than having to wait until they file taxes to receive reimbursement through a tax refund.

And the help is available to individuals and families even if they do not owe any taxes. The size of the tax credit is calculated based on one plan offered in the new state marketplaces—the so-called “silver reference plan.” However, once the size of the credit is determined, it can be used towards the purchase of any private plan in the marketplace that the individual or family chooses to purchase.

Here is an example of how the tax credit size is calculated:

The Johnsons, a family of four (two adults, two children under age 18), with an 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 family's out-of- pocket contribution for premiums for a silver reference plan would be about \$1,410 (about \$118 a month). The remainder of the family’s premium for the silver reference plan would be covered in the form of a tax credit of \$11,090. (That amount could also be credited toward premiums for a more or less expensive plan of the family's choice).

National, State and County-Level Premium Tax Credit Data is Available

Premium tax credits will help more than 25 million Americans afford their health insurance premiums and 88 percent of these people are in working families. As we draw closer to the start of the open enrollment period in October, it is essential that states across the country work to inform their residents of this opportunity for assistance. Come January 2014, comprehensive, affordable health coverage will finally become a reality for millions of Americans.

If you would like more information on national, state, or county-level estimates of the number of people eligible for the new premium tax credits, I invite you to read Families USA’s “*Help is At Hand Report.*” <http://www.familiesusa.org/resources/newsroom/press-releases/2013-press-releases/national-tax-credit-eligibility.html>. And, here is a link to the state reports <http://www.familiesusa.org/help-is-at-hand/state-reports.html>.

Sincerely,

A handwritten signature in black ink that reads "Ron Pollack". The signature is written in a cursive, flowing style.

Ron Pollack
Executive Director