



What You Don't Know About the Advanced Premium Tax Credit (APTC)

Below is the most frequently used statement regarding the APTC and while correct, it is misleading. You need to have a clear understanding of why it is misleading so that you can provide accurate guidance to your individual clients.

*“The APTC is available to eligible individuals with household incomes between 138% and 400% of the FPL (\$45,960 for an individual and \$94,200 for a family of four in 2013) **and** who do not have access to health insurance coverage that is minimum value or affordable.”*

- **An individual earning \$45,960 a year may NOT qualify for a subsidy in the Individual Marketplace.** This is why:
 - The APTC is based on a sliding scale.
 - The silver plan's premium cannot be higher than 9.5% of the individual's household income; therefore, the higher the premium, the higher the chances of qualifying for a subsidy. This means the older you are, making \$45,960, the more likely you are to qualify for a subsidy. It also means that the younger you are, the lower the premium, lowering the chances of qualifying for a subsidy.*
 - **Example 1:** If you are 30 years old making \$45,960 and looking for individual coverage, you DO NOT qualify for a subsidy even though you make the aforementioned \$45,960 a year.**
 - **Example 2:** On the other hand, if you are 50 years old making the same \$45,960, you qualify for around \$162 in APTC subsidy.**
 - This is because the 50 year old's premium is higher and since the premium cannot be higher than 9.5% of the individual's annual household income of \$45,960, they qualify for a subsidy.
- The APTC determination is contingent on the ratio between two variables, the cost of insurance (premium) and the amount of household income. This is what is meant by “sliding scale.”

* The silver plan is the basis of the calculation for the 9.5% of household income. In other words, when they refer to the household income being no higher than 9.5%, they are using the silver plan premiums to make that calculation.

** Please note that all subsidies are calculated based on the silver plan premiums; therefore, the examples above are based on the U.S. average for the silver plan. If an individual is eligible for a subsidy, the subsidy is calculated using the silver plan premiums and then that subsidy amount can be applied towards any other metal levels.

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