

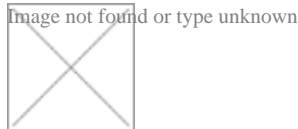
Weekly Checkup



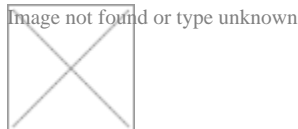
Reducing Subsidy Eligibility For Higher Earners Could Save \$13 Billion Per Year

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The Affordable Care Act provides subsidies to exchange eligible households that earn up to 400 percent of the Federal Poverty Level (FPL). Eligible households include any individual or family that does not receive an offer of affordable health insurance from an employer and is not eligible for Medicaid. Approximately 24 million Americans are potentially eligible for premium subsidies through the exchange.^[1]

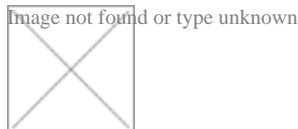


However, not everyone in that income range actually receives a subsidy. Because the subsidy is based on a benchmark premium price and a designated income percentage, households that already have access to what is considered affordable coverage are not given any additional subsidy.

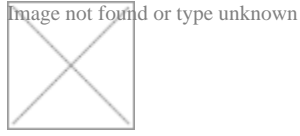


In the Federally-facilitated Marketplaces, subsidies are available for only 56 percent of enrollees between 350 percent and 400 and only 64 percent of enrollees between 300 and 400 percent of FPL.^[2]

If the premium subsidy threshold were to be rolled back from 400 percent of FPL to 300 percent of FPL, we estimate that only 4.7 million out of 7.3 million potentially enrollees between 300 and 400 percent of FPL—equal to annual income of between \$70,000 and \$94,000 for a family of four—would be affected.^[3] Those 4.7 million citizens would lose access to an average subsidy of \$2,700 per household.



At the same time, reducing the subsidy eligibility threshold from 400 percent to 300 percent could save the federal government an estimated \$12.8 billion per year, once the exchanges are fully implemented.



[1] In our analysis, the demographics of potential enrollees are calculated using the 2008 – 2012 American Community Survey 5-year estimates. Because data on affordable employer sponsored coverage is unavailable, we define ‘potential enrollees’ as currently households that obtain coverage through the commercial, non-group market or are currently uninsured. We also exclude citizens over the age of 65.

[2] Premium data for Federally-facilitated Marketplaces are available at:
http://aspe.hhs.gov/health/reports/2013/MarketplacePremiums/datasheet_home.cfm