

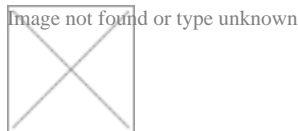


Weekly Checkup

Subsidies Will Grow More Slowly than Total Premium Cost

CONOR RYAN | JANUARY 23, 2014

Americans enrolling in the new health insurance exchanges implemented by the Affordable Care Act (ACA) and earning between 100 and 400 percent of the federal poverty level (FPL) are eligible for premium subsidies—a tax break intended to make health insurance on the individual market affordable for those who need it most. The law also specifies how these premium subsidies will grow over time. As detailed in an [AAF primer](#) on the statutorily mandated adjustments to ACA premium subsidies, the percentage of household income that enrollees are expected to contribute will increase from year to year. At first, enrollee contributions will increase such that the subsidy dollar value remains relatively constant despite premium cost growth. After 2018, cost-control measures will cause enrollee contributions to grow more quickly.^[1] As shown in the chart below, a family receiving a subsidy equal to nearly half the total premium in 2014 will be expected to pay for 75 percent of their premium by 2022.



^[1] The cost-control measures will only take effect if total federal subsidy spending exceeds 0.504 percent of gross domestic product (GDP), which AAF models predict will occur. More information can be found at: <http://americanactionforum.org/insights/primer-statutorily-mandated-adjustments-to-aca-premium-subsidies-and-enroll>