

March 2014 | Issue Brief

## How Much Financial Assistance Are People Receiving Under the Affordable Care Act?

Larry Levitt, Gary Claxton, and Anthony Damico

The Affordable Care Act (ACA) provides premium subsidies to low and middle income people who buy insurance on their own through new health insurance marketplaces (also known as exchanges). Subsidies generally are available to people with incomes ranging from one to four times the poverty level (\$11,490 to \$45,960 for a single person and \$23,550 to \$94,200 for a family of four). Depending on their income, people are expected to pay 2% to 9.5% of their income towards the premium for the second-lowest-cost silver plan in their area, and the federal government covers the remainder of the cost through a tax credit. People choosing more expensive plans pay the entire additional cost, while those choosing less expensive plans get the savings. Tax credits are provided on an advance basis to people based on estimated annual income and then reconciled after-the-fact based on actual income through their tax returns.

Through the end of February, 4.2 million people had applied for and selected a plan through the marketplaces. As expected, the vast majority of enrollees (83%) have qualified for premium subsidies, since people who are not eligible for premium subsidies can buy comparable coverage with similar consumer protections outside of the marketplaces. We estimate that about 21% of those eligible for premium subsidies have applied for assistance, with significant variation across states.

Using the age and tax credit eligibility of enrollees reported by the federal government, along with the marketplace premiums within each state, we estimate that 3.5 million people have qualified for a total of about \$10.0 billion in annual premium subsidies, or an average of about \$2,890 per person. Total and average subsidies vary significantly by state depending on the share of eligible people who have signed up, the age distribution of enrollees, and the level of premiums in the state. We also estimate that had all states been able to enroll people at the rate of the five most successful states, an additional 3.1 million people would have qualified for premium subsidies, with an additional \$8.6 billion in subsidies being provided.

### PREMIUM SUBSIDIES BY STATE

The table below shows estimates for each state of the total number of people who have selected a marketplace plan as of March 1, 2014, the percentage of enrollees who have qualified for assistance, the number of subsidized enrollees, subsidized enrollees as a percentage of those eligible, the average subsidy per enrollee, and total premium subsidies in the state. Estimates are based on enrollment as of March 1, 2014 [as reported by the federal government](#), and do not account for the fact that some people have selected a plan but have not paid the first month's premium.

Nationwide, an estimated 83% of marketplace enrollees qualify for subsidies, ranging from 13% in the District of Columbia and 35% in Hawaii to 92% in Wyoming and 93% in Mississippi. (Members of Congress and some of their staff obtain coverage through the DC exchange and are not eligible for subsidies, which is why the percentage there is so much lower than in the rest of the country.)

The take-up rate of subsidies – that is, the percentage of [those eligible](#) who have actually enrolled – is 21% in the U.S. as a whole and ranges from 10% or less in a number of states to 32% or more in Washington, Connecticut, California, Rhode Island, and Vermont. In general, states that are running their own exchanges have higher take-up rates, though some have low take-up due to widely-reported difficulties with their enrollment systems.

Among those qualifying for subsidies, we estimate that the average subsidy is \$2,890 per person, ranging from a low of \$1,350 in the District of Columbia and \$1,780 in Utah to a high of \$4,370 in Mississippi and \$4,980 in Wyoming. These amounts are highly related to the premium levels in areas within each state. Tax credits are calculated by subtracting the amount each person is expected to pay based on a percentage of their income (which does not vary by state) from the premium for the second-lowest-cost silver plan in their area. Where premiums are low, tax credits will tend to be low as well, though the subsidized individuals themselves will pay the same as people with equivalent income who live in areas with higher premiums. Similarly, average subsidies will tend to be higher in states with older enrollees since they face higher premiums.

Based on enrollment as of March 1, 2014, estimated annual subsidies total \$10.0 billion nationwide. Over half of that amount is going to people in five states (California, Florida, North Carolina, Texas, and New York), related both to the size of the states and the take-up rate of subsidized enrollees.

## DISCUSSION

A significant amount of financial assistance is already flowing to individuals through the ACA. The amount varies significantly by state based primarily on the total number of people eligible for subsidies, the take-up rate among those eligible, and the premium levels within the state.

Some of the states that are running their own exchanges have had a more successful rollout since open enrollment began in October, and these states also have been able to devote [greater resources](#) to outreach and consumer assistance through grants received from the federal government. In the five states with the highest take-up of subsidy eligibles, 39% of those eligible have already enrolled (compared to 21% in the U.S. as a whole). If all states were enrolling people at the rate of the five most successful, an additional 3.1 million people would have qualified, with an additional \$8.6 billion in subsidies being provided.

Open enrollment goes until the end of March, and a last-minute surge in signups could boost premium subsidies significantly. The challenge going forward is to identify the strategies and practices used in states with higher enrollment and effectively implement them in states with lower enrollment. Enrolling most of the eligible population will likely involve more and improved methods of outreach and education and take several years to accomplish.

# TABLE

## State-by-State Data on Enrollment and Subsidies Received

	Total Number of People Who Have Selected a Marketplace Plan as of March 1, 2014 (Thousands of People)	Percentage of Enrollees Who Have Qualified for Assistance	Number of Subsidized Enrollees (Thousands of People)	Subsidized Enrollees as a Percentage of Subsidy-Eligible Individuals	Average Subsidy per Enrollee	Total Premium Subsidies (Millions of dollars)
<b>Nationwide</b>	<b>4,242</b>	<b>83%</b>	<b>3,472</b>	<b>21%</b>	<b>\$2,890</b>	<b>\$10,019</b>
Alabama	55	86%	47	18%	\$2,880	\$136
Alaska	7	87%	6	11%	\$4,120	\$24
Arizona	58	74%	43	14%	\$1,940	\$83
Arkansas	27	91%	25	17%	\$3,230	\$81
California	869	88%	765	40%	\$3,060	\$2,337
Colorado	83	57%	48	19%	\$2,440	\$116
Connecticut	57	73%	42	39%	\$4,110	\$172
Delaware	7	79%	5	18%	\$2,940	\$15
DC	6	13%	1	9%	\$1,350	\$1
Florida	442	90%	398	25%	\$2,950	\$1,173
Georgia	139	85%	118	18%	\$2,870	\$340
Hawaii	5	35%	2	6%	\$1,790	\$3
Idaho	44	91%	40	31%	\$2,110	\$84
Illinois	114	77%	88	17%	\$2,240	\$196
Indiana	65	88%	57	16%	\$3,990	\$228
Iowa	15	84%	13	10%	\$2,410	\$31
Kansas	29	78%	23	14%	\$1,970	\$45
Kentucky	55	70%	38	20%	\$2,620	\$101
Louisiana	46	87%	40	12%	\$3,610	\$143
Maine	25	90%	23	30%	\$4,070	\$93
Maryland	38	N/A	N/A	N/A	N/A	N/A
Massachusetts	13	N/A	N/A	N/A	N/A	N/A
Michigan	145	87%	126	29%	\$2,610	\$328
Minnesota	32	N/A	N/A	N/A	N/A	N/A
Mississippi	26	93%	24	12%	\$4,370	\$104
Missouri	74	85%	63	16%	\$2,820	\$178
Montana	23	86%	19	20%	\$2,850	\$55
Nebraska	26	87%	22	18%	\$2,540	\$56
Nevada	29	79%	23	15%	\$2,620	\$59
New Hampshire	22	74%	16	20%	\$3,180	\$51
New Jersey	74	83%	62	15%	\$3,470	\$214
New Mexico	15	78%	12	10%	\$2,500	\$29
New York	245	72%	176	23%	\$2,650	\$466
North Carolina	201	91%	182	27%	\$3,320	\$606
North Dakota	5	84%	4	10%	\$2,730	\$12
Ohio	79	85%	67	12%	\$2,770	\$186
Oklahoma	33	78%	26	10%	\$2,230	\$57
Oregon	39	79%	31	16%	\$2,210	\$68
Pennsylvania	160	80%	128	18%	\$2,460	\$314
Rhode Island	19	88%	17	41%	\$3,050	\$51
South Carolina	56	86%	48	14%	\$3,110	\$149
South Dakota	7	89%	6	9%	\$3,180	\$19
Tennessee	78	79%	62	16%	\$2,020	\$124
Texas	295	82%	242	12%	\$2,440	\$591

## State-by-State Data on Enrollment and Subsidies Received

	Total Number of People Who Have Selected a Marketplace Plan as of March 1, 2014 (Thousands of People)	Percentage of Enrollees Who Have Qualified for Assistance	Number of Subsidized Enrollees (Thousands of People)	Subsidized Enrollees as a Percentage of Subsidy-Eligible Individuals	Average Subsidy per Enrollee	Total Premium Subsidies (Millions of dollars)
Nationwide	4,242	83%	3,472	21%	\$2,890	\$10,019
Utah	40	86%	34	17%	\$1,780	\$61
Vermont	24	55%	13	50%	\$2,930	\$39
Virginia	103	80%	82	16%	\$2,690	\$222
Washington	107	81%	87	32%	\$3,280	\$285
West Virginia	11	86%	9	13%	\$3,170	\$29
Wisconsin	71	90%	64	21%	\$3,590	\$231
Wyoming	7	92%	6	13%	\$4,980	\$31

Source: Kaiser Family Foundation analysis of March 2012 and 2013 CPS. See Methods for more details.

## METHODS

We estimated state-by-state financial assistance by extending prior analysis of those who are uninsured or buy coverage on their own discussed in [our state estimates of subsidy-eligibles](#).

For each state we produced average tax credit amounts per eligible person by age using our analysis of the demographics of health insurance units within the state from the pooled 2012-2013 CPS-ASEC, adjusted by an imputation of whether an employer offer of coverage is available derived from the Survey of Income and Program Participation. Premiums for the second-lowest-cost silver plan are based on our analysis of federal data and compilation of insurer rate filings.

We applied those tax credit amounts to the actual age distribution of those who have selected a plan in each state, available in [this addendum](#) provided with [the latest Marketplace enrollment statistics](#) from the Department of Health and Human Services (HHS). For each state, we applied the percentage of enrollees receiving financial assistance to the total number of people who have selected a plan. Information is not yet available on how many of those who have selected a plan have paid the first month's premium, which is the final step in enrollment.

We assumed that the age distribution of subsidy-eligible enrollees is the same as that for all individuals who have selected a plan, which is likely the case given that they are 83% of the enrolled population. Since state-by-state statistics on the income distribution of enrollees are not available, we assumed that it mirrors our estimates of those eligible for tax credits in each state. The Washington Health Plan Finder has released [detailed statistics](#) on the income distribution of enrollees, and that distribution closely matches our estimates of the eligible population in the state.

The share of Marketplace enrollees determined to receive financial assistance was not included in the HHS report for Maryland, Massachusetts, or Minnesota, so these three states were removed from the entire analysis.