

The Value of ACA Subsidies

Case Study: Winfield Cashier Gets a Raise

What subsidies mean to Kelly Kelly, a 30-year-old grocery check-out cashier, has well-managed epilepsy, with some other conditions. It is not unusual for people with chronic conditions to have other conditions at the same time. Her Medicaid helped her stay seizure-free, but after a getting a promotion, she is now making \$30,000 a year and is no longer eligible for Medicaid. She went to the Marketplace and chose the second lowest-cost Silver plan, which happened to have her specialist in network. (Kelly is fictitious, but the health plan data is real.)



ACA subsidies reduce Kelly's costs by \$98 a month

	Cost with subsidy ²	Cost without subsidy ²	Savings
Silver Plan Premium ³	\$340/month (\$4,080/year)	\$438/month (\$5,256/year)	\$98/month (\$1,176/year)
Silver Plan Deductible	\$3,250/year	\$3,250/year	\$0/year
Max Out of Pocket*	\$6,850/year	\$6,850/year	\$0/year
Total True Cost	\$910/month (\$10,930/year)	\$1,008/month (\$12,106/year)	\$98/month (\$1,176/year)

Here's what \$98 a month in savings from ACA subsidies would buy for Kelly:



One full month of cell phone service AND



One week of gasoline that she needs to get to and from work

Subsidies The Affordable Care Act (ACA) created subsidies to help people pay for health insurance. These subsidies are provided either through tax credits to consumers or payments directly to insurers. The subsidy amount a person or family receives is based on many factors including age, family status, and income.

Consumers see cost savings Nearly 85% of people enrolled in exchange plans in 2016 received subsidies. Those subsidies averaged \$291 per month.¹ Subsidy dollars translate into a tangible positive impact on people's ability to pay for other essentials. Using cost of living data along with ACA plan selection tools, we can translate subsidy assistance into cost savings. More importantly, we can show how those savings help people meet their other essential expenses.

Bottom line: Subsidies are vital to helping people meet their essential needs!

Sources:

¹ CMS March 31, 2016 Effectuated Enrollment Snapshot <http://ow.ly/zKS3308lh1h>

² Healthcare.gov Datasets for Researchers <http://ow.ly/T7vU308lqig>

³ Healthcare.gov Plan Results <https://www.healthcare.gov/see-plans/#/plan/results>

⁴ Average annual expenditures and characteristics, Consumer Expenditure Survey, 2014-2015 <https://www.bls.gov/cex/2015/CrossTabs/agebyinc/x25to34.PDF>