

The Value of ACA Subsidies

Case Study: Single Mom in Schaumburg, IL

What subsidies mean to Sarah and her son Sarah is a 37 year old organ transplant recipient and a single parent to Jack. As a researcher, she was earning \$24,000 a year. But recently, her job went from full-time to a consulting position due to budget cuts, which made her eligible to buy a plan mid-year. Because of her health care needs, she knows she'll spend her entire deductible during the year. When picking a plan, she found out her son was eligible for Illinois' All Kids program. For herself, she chose the lowest-cost Silver plan, which saved her money through subsidies. (Sarah and Jack are fictitious, but the health plan data is real.)



ACA subsidies reduce Sarah's costs by \$1,572 a month

	Cost with subsidy ²	Cost without subsidy ²	Savings
Silver Plan Premium ³	\$290/month (\$3,480/year)	\$729/month (\$8,748/year)	\$439/month (\$5,268/year)
Silver Plan Deductible	\$0/year	\$9,000/year	\$9,000/year
Max Out of Pocket*	\$700/year	\$14,300/year	\$13,600/year
Total True Cost	\$348/month (\$4,180 year)	\$1,920/month(\$23,048/year)	\$1,572/month (\$18,868/year)

Here's what \$1,572 in savings from ACA subsidies would buy for Sarah and Jack: ^{4, 5, 6}



This month's rent at \$814, all of this month's food for \$580, and \$178 to put towards childcare,

or

1 full month of childcare for \$1,026 with \$546 to put towards rent.

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/T7vU308lqjg>

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

⁴ Census Quick Facts <http://ow.ly/2VH308zSdH>

⁵ BLU Table 3014. Selected Midwestern metropolitan statistical area. <http://ow.ly/zKQW308zXiv>

⁶ Payment Rates for Child Care Centers. <http://www.dhs.state.il.us/page.aspx?item=35766>