

ACA Affordability Standards

1. Applicable percentage for premium tax credit

- Percentage of household income required to contribute toward health care premiums for purposes of premium tax credit eligibility
- SLCSP premium - (applicable percentage * HH income) = PTC amount
- VPA lowers the applicable percentage by 1.5% (up to 300% FPL), widening gap between percentage of income and SLCSP premium, increasing premium assistance
- Source: 26 CFR 1.36B-3(g). Revised annually by IRS.
- In 2018, 9.56% for 400% FPL

2. Required contribution for employer coverage affordability

- Standard for whether ESI is affordable for purposes of APTC eligibility and employer mandate
- If employee contribution for self-only ESI > (required contribution * HH income), then ESI is not affordable
- “Family glitch” – self-only coverage, but total household income
- Source: 26 CFR 1.36B-2(c)(3)(v). Revised annually by IRS. Synced with applicable percentage above.
- In 2018, 9.56%

3. Required contribution for individual mandate exemption

- Standard for whether someone is exempt from individual mandate based on affordability
- ESI eligible: If employee contribution for self-only or family ESI > (required contribution * HH income), then affordability exemption available
 - Addresses “family glitch”
- Not ESI eligible: If (lowest cost bronze premium – APTC) > (required contribution * HH income), then affordability exemption available
- Exemption available through HHS in advance based on projected income, or through tax filing based on actual income
- Source: 26 CFR 1.5000A-3. Revised annually by HHS.
- In 2018, 8.05% (8.3% proposed for 2019)