

PRESS RELEASE

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29 Million Middle-Income Americans Eligible for Large Health Care Tax Credits in 2014

***New Health Care Law Provides Huge Middle-Income Tax Cuts – Over \$110 Billion in 2014
Alone – to Help Families Afford Insurance Premiums***

Washington, D.C. – Beginning in 2014, almost 29 million middle-income Americans will be eligible for new tax credits to help them afford private health insurance premiums. The historic tax cut in the health reform law, which is estimated to reduce family income taxes by more than \$110 billion in 2014 alone, will be provided through tax credits to offset a significant portion of private insurance premium costs.

Those are among the key findings of a report released today by the consumer health organization Families USA, which commissioned the respected Lewin Group to use its economic models to estimate how many individuals will be eligible to benefit from the new premium tax credits.

Titled “ Lower Taxes, Lower Premiums: The New Health Insurance Tax Credit,” the report finds that 95 percent of the people eligible for the new tax credit are in working families:

- Approximately 24.8 million people eligible for the credits are in families with a worker

who is employed full-time.

- An additional 2.5 million people are in families with a worker who is employed part-time.

The new tax credits will provide families and individuals thousands of dollars of tax relief and will be based on both income amount and family size. For example, the tax credits will be available to four-person families with annual incomes (in current dollars) up to \$88,200 and three-person families with incomes up to \$73,240.

The tax credits will be provided on a sliding-scale. For example, a four-person family purchasing a \$15,000 family insurance plan in 2014 with \$60,000 in annual income would receive tax relief approximating \$10,200. A similar family with annual income of \$35,000 would receive tax relief approximating \$13,600.

“ This is one of the largest middle-income tax cuts in history, and it will enable many hard-working Americans to afford private health insurance premiums that continue to stretch family budgets,” said Ron Pollack, Executive Director of Families USA.

“ The tax cut will not only put significant extra cash in families’ pocketbooks, but it will ease the burden of families’ growing health care costs,” Pollack said.

According to the report, the new tax benefit will be especially helpful to employees of small businesses as they seek affordable health coverage:

- More than half (52.9 percent) of those people eligible for the premium tax credit work in businesses with fewer than 100 workers.
- Approximately 15.2 million people eligible for the tax credit are employed by businesses with fewer than 100 workers.
- Roughly 40 percent of the people eligible for the tax credit (11.4 million people) are employed in businesses with fewer than 25 workers.

Data from the report indicates that the new tax credit is effectively targeted based on need for tax relief. Almost two-thirds (66 percent) of the people eligible for the credit have

incomes above 200 percent of the federal poverty level (\$44,100 in annual income for a family of four in 2010), but more than half (56 percent) of the relief is provided to families with incomes below that level.

Over the next several weeks, Families USA will be releasing state-specific data about the number of people in each state who will be eligible for the tax credits and the amount of tax relief provided to families in that state in 2014.

A description of the report's methodology can be found in the national report, available at <http://familiesusa.org/assets/pdfs/health-reform/Premium-Tax-Credits.pdf>.

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Families USA is the national organization for health care consumers. It is nonprofit and nonpartisan, and its mission is to secure high-quality, affordable health coverage and care for all Americans.

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