



# Health Care Reform

## Cost-Sharing Reduction and the Premium Tax Credit

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### Cost-Sharing Reduction

#### Eligibility

A cost-sharing reduction is a discount that lowers the amount you have to pay for deductibles, copayments, and coinsurance. The reduction applies to individuals and households between 100% and 250% of the federal poverty level (FPL). Cost-sharing reductions only apply to health plans in the Silver category.

#### How to Apply

After you fill out a Marketplace application and provide household and income information, you will find out if you qualify for cost-sharing reductions. Check your Eligibility Determination Notice after applying. If you qualify and enroll in a Silver plan, you will automatically get a version of the plan with lower deductibles, copayments, and coinsurance.

**Note:** A cost-sharing reduction is not a tax credit and does not need to be reported when filing your federal income tax return.

#### Reduction Amount

Cost-sharing reductions are based on your household income level and increase the percentage of covered benefits the plan will pay for. Without a cost-sharing reduction, Silver plans cover an average of 70% of the total cost of covered benefits.

Household Income (Expressed as a Percent of Poverty Level)	Average Cost the Silver Plan Will Cover
100% to 150%	94%
151% to 200%	87%
201% to 250%	73%

### Premium Tax Credit

While the cost-sharing subsidies only apply to Silver plans, you can use a Premium Tax Credit (PTC) for a plan in any metal category. The credit can lower the cost of monthly insurance premiums when you enroll through the Marketplace.

**Note:** Catastrophic plans are not eligible for the PTC, regardless of income.

#### Eligibility

For 2023 you may qualify even if your household income exceeds 400% of the FPL for your family size. Other criteria for qualifying for the PTC include:

- You purchase a Bronze, Silver, Gold, or Platinum health insurance plan through the Marketplace,
- You are not eligible for affordable coverage through your employer,
- If you are married, you file a joint tax return, and
- No one can claim you as a dependent on their tax return.

#### How to Apply

You will find out if you qualify for a PTC when you apply for coverage through the Marketplace. You can get advance payments of the credit that can lower the amount you pay for your monthly insurance premiums and/or claim a credit on your federal income tax return.

#### Federal Income Tax Return

The Marketplace uses an estimate of income to calculate advance payments of the PTC. If you use more advance payments than you qualify for based on your final yearly income, you must repay the difference when you file your federal income tax return. If you use less PTC than you qualify for, you will get the difference as a credit when you file your tax return. See *Repayment*, later.