

HB 531 Helps Families Pay for Health Insurance

HB 531 would protect certain families from paying more than 10% of their family income on health insurance premiums. Currently in the Federal Marketplace, the top payment by consumers for premiums is 9.78% of their income with the federal tax subsidies paying the rest of the premium cost. But this only protects people with income up to 400% of the federal poverty line (FPL) (see 2020 FPLs and expected premium contributions on p.2).

HB 531 would provide state tax credits to families with income between 400% - 500% FPL. These are the families hit hardest by health insurance costs because they must pay the entire cost themselves.

For example, consider a family of four in Richmond. The parents are in their 40s with two young children.

The lowest Silver plan available for that family has an unsubsidized premium of \$1,560/mo. or \$18,720/yr. The plan also has a \$12,500 family deductible, and \$16,000 maximum out of pocket cost (counting deductible, co-payments, cost-sharing).

Current federal tax subsidies for premiums work as follows for different income levels:

Annual income - \$77,250 (300% FPL). The family pays 9.78% of their income on premiums - \$7,555 – and they get a federal premium tax credit of \$11,165

Annual income - \$102,000 (just under 400% FPL). The family pays 9.78% of their income on premiums - \$9,976 – and they get a federal premium tax credit of \$8,744.

Annual income - \$105,575 (410% FPL). The family is ineligible for federal tax credits. They pay the full annual premium \$18,720 – 17.7% of their income.

Annual income - \$128,750 (500%FPL). The family is ineligible for federal tax credits. They pay the full annual premium of \$18,720 – 14.5% of their income.

Annual income - \$154,500 (600% FPL). The family is ineligible for federal tax credits. They pay the full annual premium of \$18,720 — 12% of their income.

The families just over 400% FPL are hit the hardest. HB 531 would provide targeted relief, to effectively cap the cost of insurance premiums to 10% of the family's income.

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