



Tax Policy Center

Urban Institute and Brookings Institution

S10-0001

HEALTH REFORM: A TWO-SUBSIDY SYSTEM

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These tables provide a comparison of health subsidies in the employer-provided system and the subsidy exchange in the Health Care and Education Reconciliation Act that was signed into law on March 30, 2010. This is an update to tables that compared health subsidies under the employer-provided system and the subsidy exchange in the earlier versions health reform proposals. The main provisions of the law are found in the Patient Protection and Affordable Care Act (PPACA), originally passed by the Senate on December 24, 2009. The changes in the latest Reconciliation Act that are relevant to this analysis include: (1) premium contributions range from 2% of income for people earning up to 133% of the federal poverty line to 9.5% of income for earners in the 300%-400% FPL range; (2) the employer penalty for not providing coverage in 2014 is \$2,000 per full time worker and is indexed in subsequent years; and (3) cost share subsidies ensure an actuarial value of the health premium of 94% for those under 150% FPL; of 85% for 150-200% FPL; of 73% for 200-250% FPL and of 70% for 250% and higher. All assumptions and methodology remain the same as in previous calculations.

For Excel versions of the table, [click here](#).

Previous Related Tables: [S09-0001 - Health Reform: Comparing Values in a Two-subsidy System](#)

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Table 1

Employee and Employer Payments Under Subsidy Exchange in Reconciliation Bill
Individual, 2016

FPL ¹	Health Care Payments			Direct Subsidies Provided by Government			Employee Tax Payments		Employee Totals				Employer Payments					Percent of Cash and Health Benefits/ Subsidies Spent on Health Care ((C+D)/J)
	Compensation: Cash Income ²	Value of Silver Plan Premium (paid by employee using subsidy received)	Average Value of Cost Share (paid by employee using subsidy received)	Percent of Income allocated to Premium (indexed)	Value of Subsidy Received ³	Value of Cost Share Subsidy Received ⁴	Payroll Taxes paid by employee	Income Tax Paid by Employee ⁵	Cash Income + Direct Gov't Subsidies + Employer Provided Health Benefits (B+F+G+O)	Health Care Costs Paid by Employee (C+D-F-G-O)	Payments made by Employee (H+I+K)	Net After-tax, After-health cost Income ⁶ (J-L-F-G-O)	Compensation: Cash Income	Health Care Benefits Provided by Employer	Maximum Employer Penalty ⁶	Payroll Taxes Paid by Employer	Total Cost to Employer (N+O+P+Q)	
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)	(R)	(S)
100	\$ 11,800	\$ 5,200	\$ 1,900	2.09%	\$ 4,953	\$ 1,783	\$ 903	\$ (50)	\$ 18,536	\$ 364	\$ 1,217	\$ 10,583	\$ 11,800	\$ -	\$ 2,247	\$ 903	\$ 14,950	38.30%
125	\$ 14,700	\$ 5,200	\$ 1,900	2.09%	\$ 4,893	\$ 1,783	\$ 1,125	\$ 455	\$ 21,376	\$ 424	\$ 2,004	\$ 12,696	\$ 14,700	\$ -	\$ 2,247	\$ 1,125	\$ 18,072	33.22%
150	\$ 17,700	\$ 5,200	\$ 1,900	4.18%	\$ 4,460	\$ 1,114	\$ 1,354	\$ 755	\$ 23,274	\$ 1,526	\$ 3,635	\$ 14,065	\$ 17,700	\$ -	\$ 2,247	\$ 1,354	\$ 21,301	30.51%
175	\$ 20,600	\$ 5,200	\$ 1,900	5.62%	\$ 4,041	\$ 1,114	\$ 1,576	\$ 1,113	\$ 25,756	\$ 1,944	\$ 4,633	\$ 15,967	\$ 20,600	\$ -	\$ 2,247	\$ 1,576	\$ 24,423	27.57%
200	\$ 23,600	\$ 5,200	\$ 1,900	6.58%	\$ 3,646	\$ 223	\$ 1,805	\$ 1,563	\$ 27,469	\$ 3,231	\$ 6,599	\$ 17,001	\$ 23,600	\$ -	\$ 2,247	\$ 1,805	\$ 27,653	25.85%
225	\$ 26,500	\$ 5,200	\$ 1,900	7.84%	\$ 3,124	\$ 223	\$ 2,027	\$ 1,998	\$ 29,847	\$ 3,753	\$ 7,778	\$ 18,722	\$ 26,500	\$ -	\$ 2,247	\$ 2,027	\$ 30,774	23.79%
250	\$ 29,500	\$ 5,200	\$ 1,900	8.41%	\$ 2,718	\$ -	\$ 2,257	\$ 2,448	\$ 32,218	\$ 4,382	\$ 9,086	\$ 20,414	\$ 29,500	\$ -	\$ 2,247	\$ 2,257	\$ 34,004	22.04%
275	\$ 32,400	\$ 5,200	\$ 1,900	9.58%	\$ 2,095	\$ -	\$ 2,479	\$ 2,883	\$ 34,495	\$ 5,005	\$ 10,366	\$ 22,034	\$ 32,400	\$ -	\$ 2,247	\$ 2,479	\$ 37,126	20.58%
300	\$ 35,400	\$ 5,200	\$ 1,900	9.93%	\$ 1,686	\$ -	\$ 2,708	\$ 3,333	\$ 37,086	\$ 5,414	\$ 11,455	\$ 23,945	\$ 35,400	\$ -	\$ 2,247	\$ 2,708	\$ 40,355	19.14%
325	\$ 38,300	\$ 5,200	\$ 1,900	9.79%	\$ 1,452	\$ -	\$ 2,930	\$ 3,768	\$ 39,752	\$ 5,648	\$ 12,345	\$ 25,955	\$ 38,300	\$ -	\$ 2,247	\$ 2,930	\$ 43,477	17.86%
350	\$ 41,300	\$ 5,200	\$ 1,900	9.93%	\$ 1,100	\$ -	\$ 3,159	\$ 4,218	\$ 42,400	\$ 6,000	\$ 13,377	\$ 27,923	\$ 41,300	\$ -	\$ 2,247	\$ 3,159	\$ 46,707	16.75%
375	\$ 44,200	\$ 5,200	\$ 1,900	9.93%	\$ 812	\$ -	\$ 3,381	\$ 4,653	\$ 45,012	\$ 6,288	\$ 14,322	\$ 29,878	\$ 44,200	\$ -	\$ 2,247	\$ 3,381	\$ 49,829	15.77%
400	\$ 47,200	\$ 5,200	\$ 1,900	9.93%	\$ 514	\$ -	\$ 3,611	\$ 5,113	\$ 47,714	\$ 6,586	\$ 15,309	\$ 31,891	\$ 47,200	\$ -	\$ 2,247	\$ 3,611	\$ 53,058	14.88%
425	\$ 50,100	\$ 5,200	\$ 1,900	n/a	\$ -	\$ -	\$ 3,833	\$ 5,838	\$ 50,100	\$ 7,100	\$ 16,770	\$ 33,330	\$ 50,100	\$ -	\$ 2,247	\$ 3,833	\$ 56,180	14.17%
450	\$ 53,100	\$ 5,200	\$ 1,900	n/a	\$ -	\$ -	\$ 4,062	\$ 6,588	\$ 53,100	\$ 7,100	\$ 17,750	\$ 35,350	\$ 53,100	\$ -	\$ 2,247	\$ 4,062	\$ 59,409	13.37%

Employee and Employer Payments Under Employer Provided Health System
Individual, 2016

FPL	Health Care Payments			Direct Subsidies Provided by Government			Employee Tax Payments		Employee Totals				Employer Payments					Percent of Cash and Health Benefits/ Subsidies Spent on Health Care ((C+D)/J)
	Cash Income ⁷	Value of Silver Plan Premium (paid by employer)	Average Value of Cost Share (paid by employee)	Percent of Income allocated to Premium (indexed)	Value of Subsidy Received	Value of Cost Share Subsidy Received	Payroll Taxes paid by employee	Income Tax Paid by Employee ⁵	Cash Income + Direct Gov't Subsidies + Employer Provided Health Benefits (B+F+G+O)	Health Care Costs Paid by Employee (C+D-F-G-O)	Payments made by Employee (H+I+K)	Net After-tax after-health cost Income ⁶ (J-L-F-G-O)	Cash Income ⁷	Health Care Benefits Provided by Employer	Maximum Employer Penalty	Payroll Taxes paid by Employer	Total Cost to Employer (N+O+P+Q)	
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)	(R)	(S)
100	\$ 9,057	\$ 5,200	\$ 1,900	\$ -	\$ -	\$ -	\$ 693	\$ (496)	\$ 14,257	\$ 1,900	\$ 2,096	\$ 6,961	\$ 9,057	\$ 5,200	\$ -	\$ 693	\$ 14,950	49.80%
125	\$ 11,957	\$ 5,200	\$ 1,900	\$ -	\$ -	\$ -	\$ 915	\$ (268)	\$ 17,157	\$ 1,900	\$ 2,547	\$ 9,410	\$ 11,957	\$ 5,200	\$ -	\$ 915	\$ 18,072	41.38%
150	\$ 14,957	\$ 5,200	\$ 1,900	\$ -	\$ -	\$ -	\$ 1,144	\$ 262	\$ 20,157	\$ 1,900	\$ 3,306	\$ 11,651	\$ 14,957	\$ 5,200	\$ -	\$ 1,144	\$ 21,301	35.22%
175	\$ 17,857	\$ 5,200	\$ 1,900	\$ -	\$ -	\$ -	\$ 1,366	\$ 632	\$ 23,057	\$ 1,900	\$ 3,898	\$ 13,959	\$ 17,857	\$ 5,200	\$ -	\$ 1,366	\$ 24,423	30.79%
200	\$ 20,857	\$ 5,200	\$ 1,900	\$ -	\$ -	\$ -	\$ 1,596	\$ 942	\$ 26,057	\$ 1,900	\$ 4,438	\$ 16,419	\$ 20,857	\$ 5,200	\$ -	\$ 1,596	\$ 27,653	27.25%
225	\$ 23,757	\$ 5,200	\$ 1,900	\$ -	\$ -	\$ -	\$ 1,817	\$ 1,377	\$ 28,957	\$ 1,900	\$ 5,095	\$ 18,662	\$ 23,757	\$ 5,200	\$ -	\$ 1,817	\$ 30,774	24.52%
250	\$ 26,757	\$ 5,200	\$ 1,900	\$ -	\$ -	\$ -	\$ 2,047	\$ 1,827	\$ 31,957	\$ 1,900	\$ 5,774	\$ 20,983	\$ 26,757	\$ 5,200	\$ -	\$ 2,047	\$ 34,004	22.22%
275	\$ 29,657	\$ 5,200	\$ 1,900	\$ -	\$ -	\$ -	\$ 2,269	\$ 2,262	\$ 34,857	\$ 1,900	\$ 6,431	\$ 23,226	\$ 29,657	\$ 5,200	\$ -	\$ 2,269	\$ 37,126	20.37%
300	\$ 32,657	\$ 5,200	\$ 1,900	\$ -	\$ -	\$ -	\$ 2,498	\$ 2,712	\$ 37,857	\$ 1,900	\$ 7,111	\$ 25,546	\$ 32,657	\$ 5,200	\$ -	\$ 2,498	\$ 40,355	18.75%
325	\$ 35,557	\$ 5,200	\$ 1,900	\$ -	\$ -	\$ -	\$ 2,720	\$ 3,147	\$ 40,757	\$ 1,900	\$ 7,768	\$ 27,790	\$ 35,557	\$ 5,200	\$ -	\$ 2,720	\$ 43,477	17.42%
350	\$ 38,557	\$ 5,200	\$ 1,900	\$ -	\$ -	\$ -	\$ 2,950	\$ 3,597	\$ 43,757	\$ 1,900	\$ 8,447	\$ 30,110	\$ 38,557	\$ 5,200	\$ -	\$ 2,950	\$ 46,707	16.23%
375	\$ 41,457	\$ 5,200	\$ 1,900	\$ -	\$ -	\$ -	\$ 3,171	\$ 4,032	\$ 46,657	\$ 1,900	\$ 9,104	\$ 32,353	\$ 41,457	\$ 5,200	\$ -	\$ 3,171	\$ 49,829	15.22%
400	\$ 44,457	\$ 5,200	\$ 1,900	\$ -	\$ -	\$ -	\$ 3,401	\$ 4,482	\$ 49,657	\$ 1,900	\$ 9,783	\$ 34,674	\$ 44,457	\$ 5,200	\$ -	\$ 3,401	\$ 53,058	14.30%
425	\$ 47,357	\$ 5,200	\$ 1,900	\$ -	\$ -	\$ -	\$ 3,623	\$ 4,917	\$ 52,557	\$ 1,900	\$ 10,440	\$ 36,917	\$ 47,357	\$ 5,200	\$ -	\$ 3,623	\$ 56,180	13.51%
450	\$ 50,357	\$ 5,200	\$ 1,900	\$ -	\$ -	\$ -	\$ 3,852	\$ 5,554	\$ 55,557	\$ 1,900	\$ 11,306	\$ 39,051	\$ 50,357	\$ 5,200	\$ -	\$ 3,852	\$ 59,409	12.78%

Stephanie Rennane and C. Eugene Steuerle, the Urban Institute 2010. Based on CBO calculations of the Patient Protection and Affordable Care Act. Updated employer penalty, premium and cost share subsidy information for Reconciliation Bill from the Kaiser Family Foundation.

1) FPL - Federal poverty level

2) Cash income calculated according to CBO projections of the Federal Poverty Level in 2016.

3) The value of the subsidy is equal to the average premium cost of the second lowest-cost "Silver" plan less the share of income allocated to the premium. Premium is estimated to have an actuarial value of 70%. (CBO, November 30, 2009)

4) Under the Reconciliation proposals, subsidies are set at the level that would ensure a premium with actuarial value of (1) 94% for 100-150% FPL, (2) 85% for 150-200% FPL, (3) 73% for 200-250% FPL, (4) 70% for 250%+ FPL.

5) Income tax calculated using the Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-3). Calendar year. Baseline is an Administration baseline, which extends all of the individual income tax provisions included in 2001 EGTRRA and 2003 JGTRRA; extends the 2009 AMT Patch and indexes the AMT exemption, rate bracket threshold, and phase-out exemption threshold for inflation. Assumes wages and salary is the only type of income for all tax units. Single individual with no dependents who is under age 65. The individual claims the standard deduction; the only credit claimed is the EITC if applicable.

6) Assumes that all employers have over 50 employees and are subject to employer penalty for not providing health insurance. Also assumes employers are not eligible for small employer tax credit. Penalty is set to go into effect in 2014, and is indexed afterwards for medical inflation. According to Kaiser Family Foundation, average health care cost inflation was 6% from 2004-2009.

7) Cash income is calculated assuming the same total cost to employers under the two scenarios, adjusting for the value of the premium, the value of the employer penalty, and lower employer payroll taxes.

8) Assumes employee bears the average cost share amount as indicated in column D.

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Table 2

Changes in Payments by Switching to Exchange from Employer Provided Coverage¹							
Individual, 2016							
	Compensation: Cash Income	Increase in Payroll taxes paid by Employee under Subsidy Exchange (H)	Increase in Payroll taxes paid by Employer under Subsidy Exchange (P)	Increase in income tax paid under Subsidy Exchange (I)	Value of Subsidy (D+E)	Maximum Value of Employer Penalty for not providing health insurance (O)	Net change in income under Subsidy Exchange ² (E-B-C-D-F)
	(A)	(B)	(C)	(D)	(E)	(F)	(G)
100	\$ 11,800	\$ 210	\$ 210	\$ 447	\$ 6,736	\$ 2,247	\$ 3,623
125	\$ 14,700	\$ 210	\$ 210	\$ 723	\$ 6,676	\$ 2,247	\$ 3,286
150	\$ 17,700	\$ 210	\$ 210	\$ 493	\$ 5,574	\$ 2,247	\$ 2,414
175	\$ 20,600	\$ 210	\$ 210	\$ 481	\$ 5,156	\$ 2,247	\$ 2,008
200	\$ 23,600	\$ 210	\$ 210	\$ 620	\$ 3,869	\$ 2,247	\$ 582
225	\$ 26,500	\$ 210	\$ 210	\$ 620	\$ 3,347	\$ 2,247	\$ 60
250	\$ 29,500	\$ 210	\$ 210	\$ 620	\$ 2,718	\$ 2,247	\$ (569)
275	\$ 32,400	\$ 210	\$ 210	\$ 620	\$ 2,095	\$ 2,247	\$ (1,192)
300	\$ 35,400	\$ 210	\$ 210	\$ 620	\$ 1,686	\$ 2,247	\$ (1,601)
325	\$ 38,300	\$ 210	\$ 210	\$ 620	\$ 1,452	\$ 2,247	\$ (1,835)
350	\$ 41,300	\$ 210	\$ 210	\$ 620	\$ 1,100	\$ 2,247	\$ (2,187)
375	\$ 44,200	\$ 210	\$ 210	\$ 620	\$ 812	\$ 2,247	\$ (2,475)
400	\$ 47,200	\$ 210	\$ 210	\$ 630	\$ 514	\$ 2,247	\$ (2,783)
425	\$ 50,100	\$ 210	\$ 210	\$ 920	\$ -	\$ 2,247	\$ (3,587)
450	\$ 53,100	\$ 210	\$ 210	\$ 1,034	\$ -	\$ 2,247	\$ (3,700)

1) Subtracts current employer provided coverage columns from Exchange columns

2) This is equal to L-L' in Table 1.

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Table 3

Employee and Employer Payments Under Subsidy Exchange in Reconciliation Act

Family of Four, 2016

FPL ¹	Compensation: Cash Income ²	Health Care Payments		Direct Subsidies Provided by Government			Employee Tax Payments		Employee Totals				Employer Payments					Percent of Cash and Health Benefits/ Subsidies Spent on Health Care ((C+D)/J)
		Value of Silver Plan Premium (paid by employee using subsidy received)	Average Value of Cost Share (paid by employee using subsidy received)	Percent of Income allocated to Premium (indexed)	Value of Subsidy Received ³	Value of Cost Share Subsidy Received ⁴	Payroll Taxes paid by employee	Income Tax Paid by Employee ⁵	Cash Income + Direct Gov't Subsidies + Employer Provided Health Benefits (B+F+G+O)	Health Care Costs Paid by Employee (C+D-F-G-O)	Payments made by Employee (H+I+K)	Net After-tax, After-health cost Income ⁸ (J-L-F-G-O)	Compensation: Cash Income	Health Care Benefits Provided by Employer	Maximum Employer Penalty ⁶	Payroll Taxes Paid by Employer	Total Cost to Employer (N+O+P+Q)	
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)	(R)	(S)
100	\$ 24,000	\$ 14,100	\$ 5,000	2.09%	\$ 13,598	\$ 4,834	\$ 1,836	\$ (6,447)	\$ 42,433	\$ 667	\$ (3,944)	\$ 27,944	\$ 24,000	\$ -	\$ 2,247	\$ 1,836	\$ 28,083	45.01%
125	\$ 30,000	\$ 14,100	\$ 5,000	2.09%	\$ 13,473	\$ 4,834	\$ 2,295	\$ (5,451)	\$ 48,307	\$ 793	\$ (2,364)	\$ 32,364	\$ 30,000	\$ -	\$ 2,247	\$ 2,295	\$ 34,542	39.54%
150	\$ 36,000	\$ 14,100	\$ 5,000	4.18%	\$ 12,595	\$ 3,021	\$ 2,754	\$ (3,588)	\$ 51,617	\$ 3,483	\$ 2,650	\$ 33,350	\$ 36,000	\$ -	\$ 2,247	\$ 2,754	\$ 41,001	37.00%
175	\$ 42,000	\$ 14,100	\$ 5,000	5.62%	\$ 11,738	\$ 3,021	\$ 3,213	\$ (1,724)	\$ 56,759	\$ 4,341	\$ 5,829	\$ 36,171	\$ 42,000	\$ -	\$ 2,247	\$ 3,213	\$ 47,460	33.65%
200	\$ 48,000	\$ 14,100	\$ 5,000	6.58%	\$ 10,940	\$ 604	\$ 3,672	\$ 60	\$ 59,544	\$ 7,556	\$ 11,288	\$ 36,712	\$ 48,000	\$ -	\$ 2,247	\$ 3,672	\$ 53,919	32.08%
225	\$ 54,000	\$ 14,100	\$ 5,000	7.84%	\$ 9,869	\$ 604	\$ 4,131	\$ 960	\$ 64,473	\$ 8,627	\$ 13,718	\$ 40,282	\$ 54,000	\$ -	\$ 2,247	\$ 4,131	\$ 60,378	29.62%
250	\$ 60,000	\$ 14,100	\$ 5,000	8.41%	\$ 9,053	\$ -	\$ 4,590	\$ 1,860	\$ 69,053	\$ 10,047	\$ 16,497	\$ 43,503	\$ 60,000	\$ -	\$ 2,247	\$ 4,590	\$ 66,837	27.66%
275	\$ 66,000	\$ 14,100	\$ 5,000	9.58%	\$ 7,776	\$ -	\$ 5,049	\$ 2,760	\$ 73,776	\$ 11,324	\$ 19,133	\$ 46,867	\$ 66,000	\$ -	\$ 2,247	\$ 5,049	\$ 73,296	25.89%
300	\$ 72,000	\$ 14,100	\$ 5,000	9.93%	\$ 6,952	\$ -	\$ 5,508	\$ 3,660	\$ 78,952	\$ 12,148	\$ 21,316	\$ 50,684	\$ 72,000	\$ -	\$ 2,247	\$ 5,508	\$ 79,755	24.19%
325	\$ 78,000	\$ 14,100	\$ 5,000	9.79%	\$ 6,468	\$ -	\$ 5,967	\$ 4,560	\$ 84,468	\$ 12,632	\$ 23,159	\$ 54,841	\$ 78,000	\$ -	\$ 2,247	\$ 5,967	\$ 86,214	22.61%
350	\$ 84,000	\$ 14,100	\$ 5,000	9.93%	\$ 5,761	\$ -	\$ 6,426	\$ 5,460	\$ 89,761	\$ 13,339	\$ 25,225	\$ 58,775	\$ 84,000	\$ -	\$ 2,247	\$ 6,426	\$ 92,673	21.28%
375	\$ 90,000	\$ 14,100	\$ 5,000	9.93%	\$ 5,165	\$ -	\$ 6,885	\$ 6,360	\$ 95,165	\$ 13,935	\$ 27,180	\$ 62,820	\$ 90,000	\$ -	\$ 2,247	\$ 6,885	\$ 99,132	20.07%
400	\$ 96,000	\$ 14,100	\$ 5,000	9.93%	\$ 4,570	\$ -	\$ 7,344	\$ 7,260	\$ 100,570	\$ 14,530	\$ 29,134	\$ 66,866	\$ 96,000	\$ -	\$ 2,247	\$ 7,344	\$ 105,591	18.99%
425	\$ 102,000	\$ 14,100	\$ 5,000	n/a	\$ -	\$ -	\$ 7,803	\$ 8,160	\$ 102,000	\$ 19,100	\$ 35,063	\$ 66,937	\$ 102,000	\$ -	\$ 2,247	\$ 7,803	\$ 112,050	18.73%
450	\$ 108,000	\$ 14,100	\$ 5,000	n/a	\$ -	\$ -	\$ 8,262	\$ 9,650	\$ 108,000	\$ 19,100	\$ 37,012	\$ 70,988	\$ 108,000	\$ -	\$ 2,247	\$ 8,262	\$ 118,509	17.69%

Employee and Employer Payments Under Employer Provided Health System

Family of Four, 2016

FPL	Cash Income ⁷	Health Care Payments		Direct Subsidies Provided by Government			Employee Tax Payments		Employee Totals				Employer Payments					Percent of Cash and Health Benefits/ Subsidies Spent on Health Care ((C+D)/J)
		Value of Silver Plan Premium (paid by employer)	Average Value of Cost Share (paid by employee)	Percent of Income allocated to Premium (indexed)	Value of Subsidy Received	Value of Cost Share Subsidy Received	Payroll Taxes paid by employee	Income Tax Paid by Employee ⁵	Cash Income + Direct Gov't Subsidies + Employer Provided Health Benefits (B+F+G+O)	Health Care Costs Paid by Employee (C+D-F-G-O)	Payments made by Employee (H+I+K)	Net After-tax, after-health cost Income ⁸ (J-L-F-G-O)	Cash Income ⁷	Health Care Benefits Provided by Employer	Maximum Employer Penalty	Payroll Taxes paid by Employer	Total Cost to Employer (N+O+P+Q)	
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)	(R)	(S)
100	\$ 12,990	\$ 14,100	\$ 5,000	\$ -	\$ -	\$ -	\$ 994	\$ (4,640)	\$ 27,090	\$ 5,000	\$ 1,354	\$ 11,635	\$ 12,990	\$ 14,100	\$ -	\$ 994	\$ 28,083	70.51%
125	\$ 18,990	\$ 14,100	\$ 5,000	\$ -	\$ -	\$ -	\$ 1,453	\$ (6,064)	\$ 33,090	\$ 5,000	\$ 388	\$ 18,601	\$ 18,990	\$ 14,100	\$ -	\$ 1,453	\$ 34,542	57.72%
150	\$ 24,990	\$ 14,100	\$ 5,000	\$ -	\$ -	\$ -	\$ 1,912	\$ (6,472)	\$ 39,090	\$ 5,000	\$ 440	\$ 24,550	\$ 24,990	\$ 14,100	\$ -	\$ 1,912	\$ 41,001	48.86%
175	\$ 30,990	\$ 14,100	\$ 5,000	\$ -	\$ -	\$ -	\$ 2,371	\$ (5,576)	\$ 45,090	\$ 5,000	\$ 1,795	\$ 29,195	\$ 30,990	\$ 14,100	\$ -	\$ 2,371	\$ 47,460	42.36%
200	\$ 36,990	\$ 14,100	\$ 5,000	\$ -	\$ -	\$ -	\$ 2,830	\$ (3,712)	\$ 51,090	\$ 5,000	\$ 4,117	\$ 32,872	\$ 36,990	\$ 14,100	\$ -	\$ 2,830	\$ 53,919	37.39%
225	\$ 42,990	\$ 14,100	\$ 5,000	\$ -	\$ -	\$ -	\$ 3,289	\$ (1,849)	\$ 57,090	\$ 5,000	\$ 6,440	\$ 36,550	\$ 42,990	\$ 14,100	\$ -	\$ 3,289	\$ 60,378	33.46%
250	\$ 48,990	\$ 14,100	\$ 5,000	\$ -	\$ -	\$ -	\$ 3,748	\$ (0)	\$ 63,090	\$ 5,000	\$ 8,748	\$ 40,242	\$ 48,990	\$ 14,100	\$ -	\$ 3,748	\$ 66,837	30.27%
275	\$ 54,990	\$ 14,100	\$ 5,000	\$ -	\$ -	\$ -	\$ 4,207	\$ 900	\$ 69,090	\$ 5,000	\$ 10,107	\$ 44,883	\$ 54,990	\$ 14,100	\$ -	\$ 4,207	\$ 73,296	27.65%
300	\$ 60,990	\$ 14,100	\$ 5,000	\$ -	\$ -	\$ -	\$ 4,666	\$ 1,800	\$ 75,090	\$ 5,000	\$ 11,466	\$ 49,524	\$ 60,990	\$ 14,100	\$ -	\$ 4,666	\$ 79,755	25.44%
325	\$ 66,990	\$ 14,100	\$ 5,000	\$ -	\$ -	\$ -	\$ 5,125	\$ 2,700	\$ 81,090	\$ 5,000	\$ 12,825	\$ 54,165	\$ 66,990	\$ 14,100	\$ -	\$ 5,125	\$ 86,214	23.55%
350	\$ 72,990	\$ 14,100	\$ 5,000	\$ -	\$ -	\$ -	\$ 5,584	\$ 3,600	\$ 87,090	\$ 5,000	\$ 14,184	\$ 58,806	\$ 72,990	\$ 14,100	\$ -	\$ 5,584	\$ 92,673	21.93%
375	\$ 78,990	\$ 14,100	\$ 5,000	\$ -	\$ -	\$ -	\$ 6,043	\$ 4,500	\$ 93,090	\$ 5,000	\$ 15,543	\$ 63,447	\$ 78,990	\$ 14,100	\$ -	\$ 6,043	\$ 99,132	20.52%
400	\$ 84,990	\$ 14,100	\$ 5,000	\$ -	\$ -	\$ -	\$ 6,502	\$ 5,400	\$ 99,090	\$ 5,000	\$ 16,902	\$ 68,088	\$ 84,990	\$ 14,100	\$ -	\$ 6,502	\$ 105,591	19.28%
425	\$ 90,990	\$ 14,100	\$ 5,000	\$ -	\$ -	\$ -	\$ 6,961	\$ 6,300	\$ 105,090	\$ 5,000	\$ 18,261	\$ 72,729	\$ 90,990	\$ 14,100	\$ -	\$ 6,961	\$ 112,050	18.17%
450	\$ 96,990	\$ 14,100	\$ 5,000	\$ -	\$ -	\$ -	\$ 7,420	\$ 7,200	\$ 111,090	\$ 5,000	\$ 19,620	\$ 77,370	\$ 96,990	\$ 14,100	\$ -	\$ 7,420	\$ 118,509	17.19%

Stephanie Rennane and C. Eugene Steuerle, the Urban Institute 2010. Based on CBO calculations of the Patient Protection and Affordable Care Act. Updated employer penalty, premium and cost share subsidy information for Reconciliation Bill from the Kaiser Family Foundation.

1) FPL - Federal poverty level

2) Cash income calculated according to CBO projections of the Federal Poverty Level in 2016.

3) The value of the subsidy is equal to the average premium cost of the second lowest-cost "Silver" plan less the share of income allocated to the premium. Premium is estimated to have an actuarial value of 70%. (CBO, November 30, 2009)

4) Under the Reconciliation proposals, subsidies are set at the level that would ensure a premium with actuarial value of (1) 94% for 100-150% FPL, (2) 85% for 150-200% FPL, (3) 73% for 200-250% FPL, (4) 70% for 250%+ FPL.

5) Income tax calculated using the Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-3). Calendar year. Baseline is an Administration baseline, which extends all of the individual income tax provisions included in 2001 EGTRRA and 2003 JGTRRA; extends the 2009 AMT Patch and indexes the AMT exemption, rate bracket threshold, and phase-out exemption threshold for inflation. Assumes wages and salary is the only type of income for all tax units. Single individual with no dependents who is under age 65. The individual claims the standard deduction; the only credit claimed is the EITC if applicable.

6) Assumes that all employers have over 50 employees and are subject to employer penalty for not providing health insurance. Also assumes employers are not eligible for small employee tax credit. Penalty is set to go into effect in 2014, and is indexed afterwards for medical inflation. According to Kaiser Family Foundation, average health care cost inflation was 6% from 2004-2009.

7) Cash income is calculated assuming the same total cost to employers under the two scenarios, adjusting for the value of the premium, the value of the employer penalty, and lower employer payroll taxes.

8) Assumes employee bears the average cost share amount as indicated in column D.

S10-0001

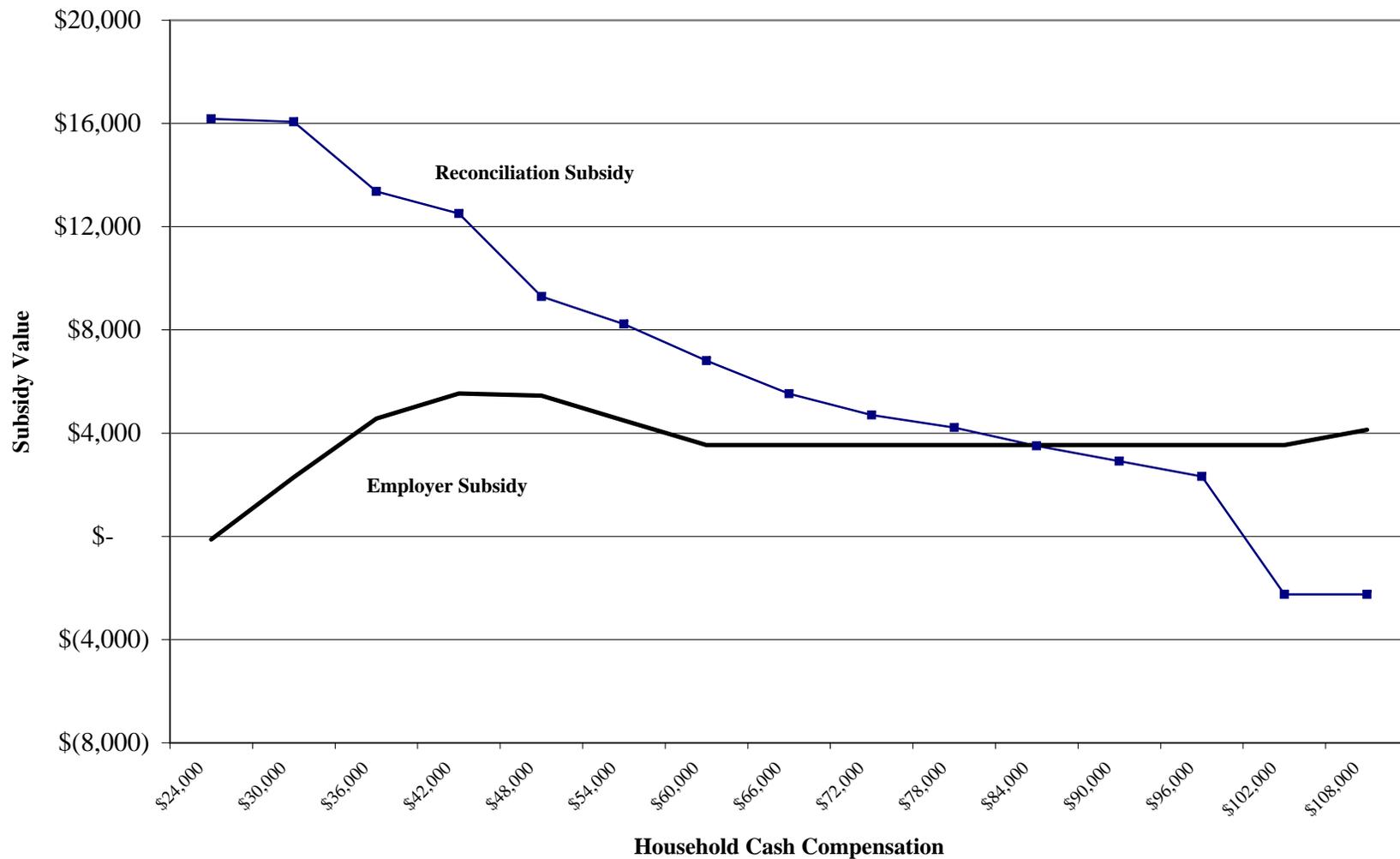
Table 4

Changes in Payments by Switching to Exchange from Employer Provided Coverage¹								
Family of Four, 2016								
	Compensation: Cash Income	Increase in Payroll taxes paid by Employee under Subsidy Exchange (H)	Increase in Payroll taxes paid by Employer under Subsidy Exchange (P)	Increase in income tax paid under Subsidy Exchange (I)	Value of Subsidy (D+E)	Maximum Value of Employer Penalty for not providing health insurance (O)	Net change in income under Subsidy Exchange ² (E B-C-D-F)	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	
100	\$ 24,000	\$ 842	\$ 842	\$ (1,808)	\$ 18,433	\$ 2,247	\$ 16,309	
125	\$ 30,000	\$ 842	\$ 842	\$ 613	\$ 18,307	\$ 2,247	\$ 13,762	
150	\$ 36,000	\$ 842	\$ 842	\$ 2,884	\$ 15,617	\$ 2,247	\$ 8,801	
175	\$ 42,000	\$ 842	\$ 842	\$ 3,852	\$ 14,759	\$ 2,247	\$ 6,976	
200	\$ 48,000	\$ 842	\$ 842	\$ 3,772	\$ 11,544	\$ 2,247	\$ 3,840	
225	\$ 54,000	\$ 842	\$ 842	\$ 2,809	\$ 10,473	\$ 2,247	\$ 3,733	
250	\$ 60,000	\$ 842	\$ 842	\$ 1,860	\$ 9,053	\$ 2,247	\$ 3,261	
275	\$ 66,000	\$ 842	\$ 842	\$ 1,860	\$ 7,776	\$ 2,247	\$ 1,984	
300	\$ 72,000	\$ 842	\$ 842	\$ 1,860	\$ 6,952	\$ 2,247	\$ 1,160	
325	\$ 78,000	\$ 842	\$ 842	\$ 1,860	\$ 6,468	\$ 2,247	\$ 676	
350	\$ 84,000	\$ 842	\$ 842	\$ 1,860	\$ 5,761	\$ 2,247	\$ (31)	
375	\$ 90,000	\$ 842	\$ 842	\$ 1,860	\$ 5,165	\$ 2,247	\$ (627)	
400	\$ 96,000	\$ 842	\$ 842	\$ 1,860	\$ 4,570	\$ 2,247	\$ (1,222)	
425	\$ 102,000	\$ 842	\$ 842	\$ 1,860	\$ -	\$ 2,247	\$ (5,792)	
450	\$ 108,000	\$ 842	\$ 842	\$ 2,450	\$ -	\$ 2,247	\$ (6,382)	

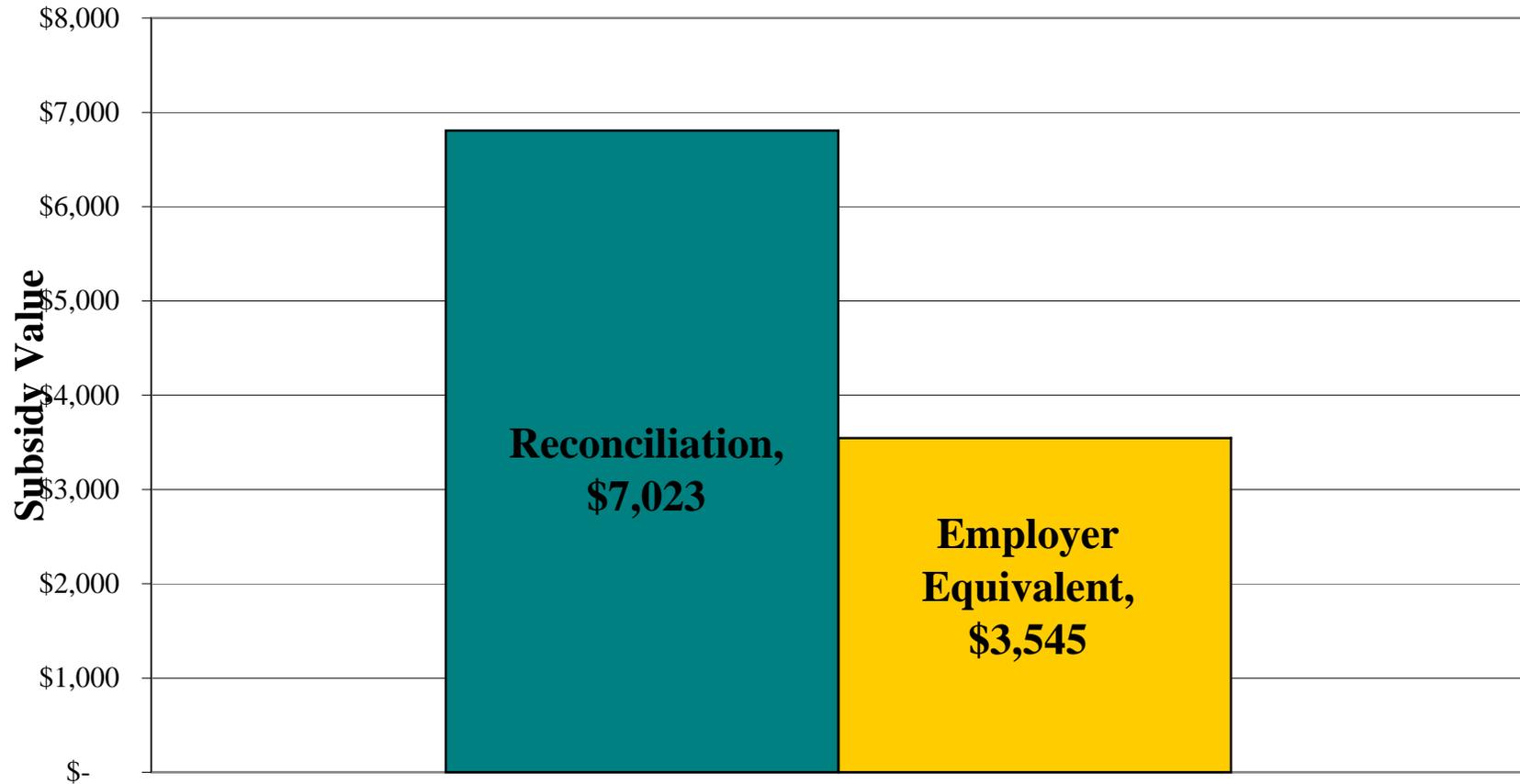
1) Subtracts current employer provided coverage columns from Exchange columns

2) This is equal to L-L' in Table 3.

Graph 1
Employer Subsidies Compared to Reconciliation Subsidies
By Household Cash Compensation



Graph 2
Employer Subsidies Compared to Reconciliation Subsidies
Family of Four, Cash Compensation \$60,000



Family of Four, Cash Compensation \$60,000