How ACA and AHCA Net Premiums After Federal Tax Credits Differ for Illinois Residents

This fact sheet examines how the American Health Care Act, passed by the House of Representatives on May 4, 2017, will affect the nongroup health insurance premiums of Illinois residents in each premium rating area. The estimates supplement the Health Policy Center report *Premium Tax Credits Tied to Age versus Income and Available Premiums: Differences by Age, Income, and Geography* (John Holahan, Linda J. Blumberg, and Erik Wengle).

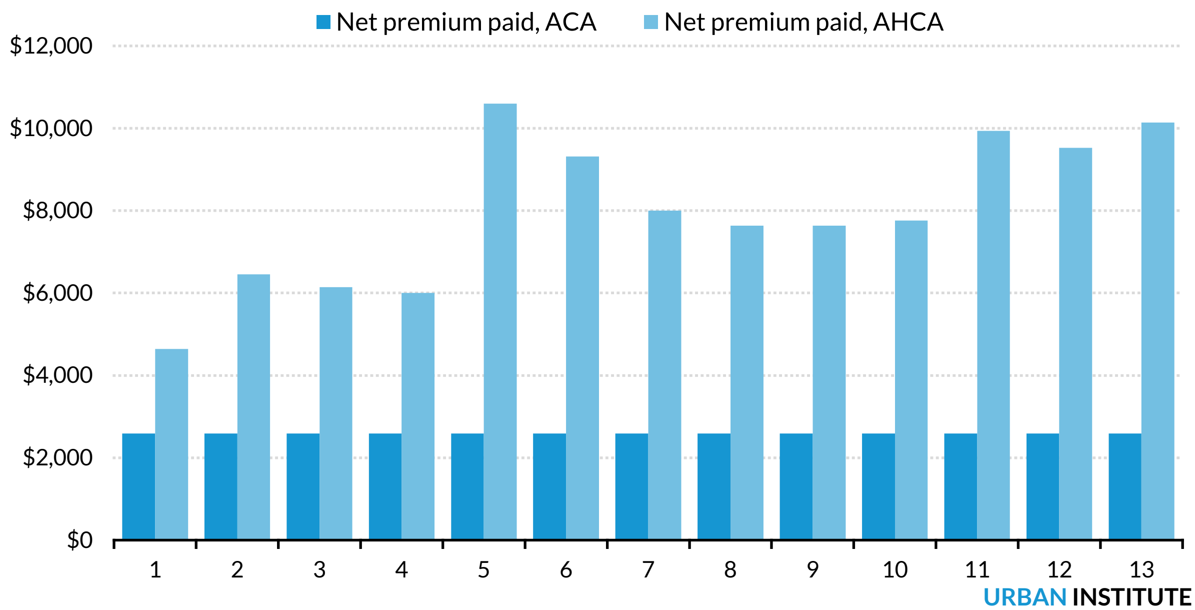
We compare net premiums after federal tax credits under the Affordable Care Act (ACA) and the American Health Care Act (AHCA) in 2020 for a single nonsmoking 50-year-old with $31,000 in income. Our estimates use the second lowest cost silver premium (the ACA's benchmark) in each rating area. We assume age rating would move from a maximum ratio of 3:1 under the ACA to 5:1 under the AHCA. We assume coverage includes the ACA's essential health benefit requirements but no health status–related premium variation or late enrollment penalties.

Under the ACA, net premiums after tax credits increase with income but do not increase as local market premiums increase. Under the AHCA, net premiums after tax credits do not increase with income (except at high incomes), but do increase as local market premiums increase. Net after tax credit premiums tend to be lower under the ACA except for young people in low premium areas and those with higher incomes.

FIGURE 1

Illinois ACA and AHCA Annual Nongroup Premiums after Federal Tax Credits by Rating Area, 2020

For a 50-year-old nonsmoker with $31,000 in income



Source: Urban Institute analysis of Healthcare.gov public use file and relevant state-based Marketplace websites.
ACA = Affordable Care Act; AHCA = American Health Care Act.

TABLE 1

Counties in Each Rating Area

Rating area	Counties
1	Cook
2	Lake, McHenry
3	Dupage, Kane
4	Grundy, Kankakee, Kendall, Will
5	Boone, Carroll, DeKalb, Jo Daviess, Lee, Ogle, Stephenson, Winnebago
6	Bureau, Hancock, Henderson, Henry, Mercer, Rock Island, Warren, Whiteside
7	Fulton, Knox, LaSalle, Marshall, McDonough, Peoria, Putnam, Stark, Tazewell, Woodford
8	DeWitt, Livingston, McLean
9	Champaign, Clark, Coles, Cumberland, Douglas, Edgar, Ford, Iroquois, Piatt, Vermilion
10	Adams, Brown, Cass, Christian, Logan, Macon, Mason, Menard, Morgan, Moultrie, Pike, Sangamon, Schuyler, Scott, Shelby
11	Bond, Calhoun, Clinton, Greene, Jersey, Macoupin, Montgomery, Randolph, Washington
12	Madison, Monroe, St. Clair
13	Alexander, Clay, Crawford, Edwards, Effingham, Fayette, Franklin, Gallatin, Hamilton, Hardin, Jackson, Jasper, Jefferson, Johnson, Lawrence, Marion, Massac, Perry, Pope, Pulaski, Richland, Saline, Union, Wabash, Wayne, White, Williamson

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Acknowledgments

This fact sheet was prepared by Linda J. Blumberg, Erik Wengle, Hannah Sachs, and John Holahan. Support for this research was provided by the Robert Wood Johnson Foundation. The views expressed here do not necessarily reflect the views of the Foundation. Funders do not determine research findings or the insights and recommendations of Urban experts. Further information on the Urban Institute's funding principles is available at http://www.urban.org/support.