

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

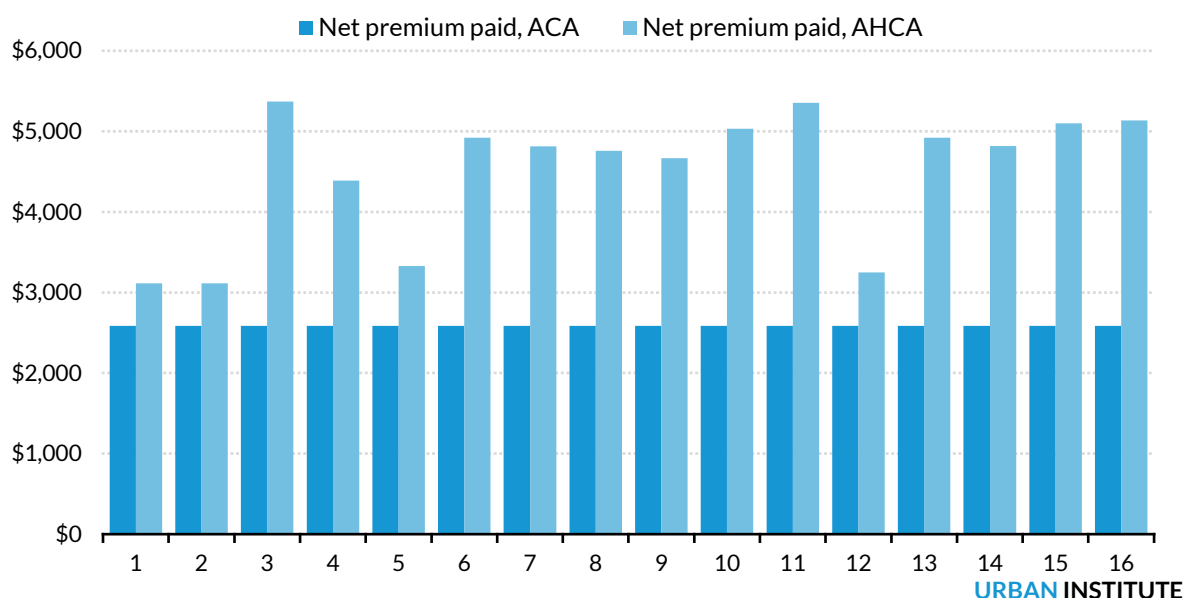
This fact sheet examines how the American Health Care Act, passed by the House of Representatives on May 4, 2017, will affect the nongroup health insurance premiums of Michigan residents in each premium rating area. The estimates supplement the Health Policy Center report *Premium Tax Credits Tied to 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

Michigan 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	Monroe, Wayne
2	Macomb, Oakland
3	St. Clair
4	Lenawee, Livingston, Washtenaw
5	Genesee, Lapeer, Shiawassee
6	Huron, Sanilac, Tuscola
7	Clinton, Eaton, Hillsdale, Ingham, Jackson
8	Arenac, Bay, Gratiot, Saginaw
9	Berrien, Cass, St. Joseph, Van Buren
10	Branch, Calhoun, Kalamazoo
11	Allegan, Barry
12	Ionia, Kent, Lake, Mason, Mecosta, Montcalm, Muskegon, Newaygo, Oceana, Osceola, Ottawa
13	Clare, Gladwin, Isabella, Midland
14	Antrim, Benzie, Charlevoix, Emmet, Grand Traverse, Kalkaska, Leelanau, Manistee, Missaukee, Wexford
15	Alcona, Alpena, Cheboygan, Chippewa, Crawford, Iosco, Mackinac, Montmorency, Ogemaw, Oscoda, Otsego, Presque Isle, Roscommon
16	Alger, Baraga, Delta, Dickinson, Gogebic, Houghton, Iron, Keweenaw, Luce, Marquette, Menominee, Ontonagon, Schoolcraft

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