

## How ACA and AHCA Net Premiums After Federal Tax Credits Differ for New Jersey 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 New Jersey 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).

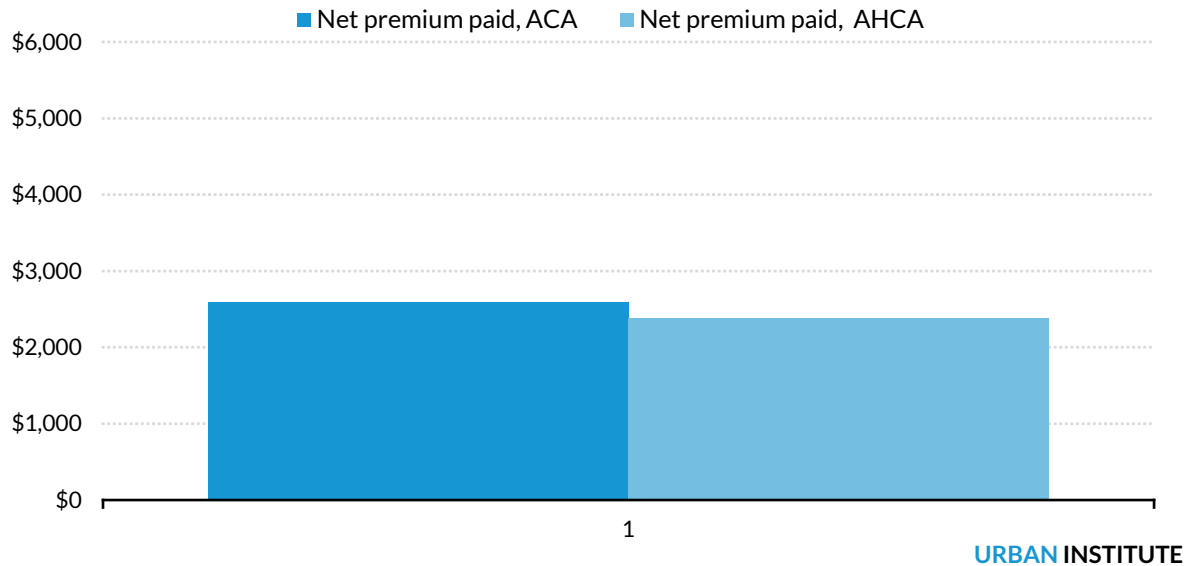
We compare net premiums after federal tax credits under the Affordable Care Act (ACA) and the American Health Care Act (AHCA) in 2020 for a single nonsmoking 50-year-old with \$31,000 in income. Our estimates use the second lowest cost silver premium (the ACA's benchmark) in each rating area. In the District of Columbia, Massachusetts, New Jersey, New York, and Vermont, the states have created their own age rating curves under the ACA that are narrower than the 3 to 1 ratios from oldest adult to youngest, used in other states; we assume these states would maintain these curves under the AHCA, at least in the near term. This assumption has the effect of lowering the net premium under the AHCA compared to the ACA in those states because the tighter age rating bands lower total premiums as people age. 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

**New Jersey 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	Atlantic, Bergen, Burlington, Camden, Cape May, Cumberland, Essex, Gloucester, Hudson, Hunterdon, Mercer, Middlesex, Monmouth, Morris, Ocean, Passaic, Salem, Somerset, Sussex, Union, Warren

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