Comparing the "Universal Health Care Tax Credit" to the Affordable Care Act's Premium Tax Credit 2017

Health Advocacy PROJECT

The Affordable Care Act's Premium Tax Credit		The GOP Universal Health Care Tax Credit
ELIGIBILITY		
Who's eligible?	Consumers with incomes below 400% of the federal poverty level, so long as they: • Do not have an existing offer of affordable health insurance coverage through an employer, a family member's employer, or a public program. • Are U.S. citizens or lawfully present immigrants. • File taxes jointly if married (except in cases of domestic abuse and spousal abandonment).	Consumers with incomes below 400% of the federal poverty level, so long as they: • Do not have an existing offer of affordable health insurance coverage through an employer, a family member's employer, or a public program. • Are U.S. citizens or qualified aliens. • Dependent children up to age 26
What plans can it be used for?	Qualified health plans sold on the health insurance exchange/marketplace.	Any "eligible plan approved by a State and sold in their individual insurance market, including catastrophic coverage," as well as COBRA plans for people in job transition, so long as the former employer does not subsidize the COBRA premiums for the consumer. The credit is not available to be used for plans that cover abortion.
HOW THE CREDIT IS USED		
Can it be taken in advance?	Yes. The premium tax credit can be paid directly to the insurance company in advance to discount the premium, reducing the consumer's up-front costs throughout the year.	Yes.
Is it refundable?	Yes. For some consumers, the premium tax credit may operate as a refund (or offset a taxpayer's liability) at tax return time. Consumers who overestimate their income at the time of application are eligible for additional tax credit at tax time. Similarly, consumers who elect to advance only a portion of the full tax credit can receive the remainder as a refund at tax time.	Yes. Presumably, the tax credit may operate as a refund (or offset a taxpayer's liability) at tax return time. In addition, the policy brief notes that consumers can use any excess amount of their tax credits into a health savings account, should there be any value remaining after premiums are paid.
HOW THE SIZE OF CREDIT IS CALCULATED		
Adjusted for cost of plans?	Yes. Expected contribution applies to consumers up to 400% FPL.	No, though there is some adjustment by age group.
Adjusted for income?	Yes. The size credit varies on a sliding scale according to income; people with lower incomes receive larger subsidies.	No. Wealthy and low income alike can qualify for tax credits of equal size.
Adjusted for age?	No, but adjusted for the gross cost of the plan's premium, which itself varies according to age.	Yes. The policy brief includes no details about how credit will be adjusted for age, but leaked legislative language suggests the age adjustment would not mitigate impact changes to the age-rating bands.
Adjusted from year to year?	Yes. The credit adjusts each year to keep up with the premiums of the second-lowest cost Silver plan available to a consumer.	Yes. The credit "grows over time," but there are not details about what factors will be used to determine annual growth.

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