

Health Care Inflation Adjusted Amounts

Cross References

- Rev. Proc. 2020-36
- Rev. Proc. 2019-29
- Rev. Proc. 2018-34

Certain provisions under the Affordable Care Act (ACA) are adjusted each year for inflation. The IRS recently released the inflation adjusted amounts for the 2021 tax year. The following charts compare the 2021 inflation adjusted amounts with prior year amounts.

Applicable Percentages – Premium Tax Credit (PTC)

- IRC §36B(b)(3)(A)(i)

The Premium Tax Credit (PTC) is a refundable credit designed to subsidize the purchase of health insurance through an exchange. The PTC is based on a sliding scale. The PTC amount is determined based on the percentage of income the cost of premiums represents, ranging from 2% of income for those below 133% of the federal poverty level (FPL) to 9.5% of income for those at 400% of FPL. For example, an individual below 133% of FPL pays 2% of his or her household income for the cost of health insurance after receiving the credit, and an individual at 400% of FPL pays 9.5% of his or her household income for the cost of health insurance after receiving the credit.

The percentages of income are indexed to the excess of premium growth over income growth for the preceding calendar year. The percentages of income are also adjusted to reflect the excess of premium growth over the rate of growth in the consumer price index for the preceding calendar year. The following chart represents the inflation adjusted percentages and adjustments for 2019 through 2021.

Tax Years Beginning in:	2021		2020		2019	
	Initial %	Final %	Initial %	Final %	Initial %	Final %
Household income percentage of Federal poverty line:						
Less than 133%	2.07%	2.07%	2.06%	2.06%	2.08%	2.08%
At least 133% but less than 150%	3.10%	4.14%	3.09%	4.12%	3.11%	4.15%
At least 150% but less than 200%	4.14%	6.52%	4.12%	6.49%	4.15%	6.54%
At least 200% but less than 250%	6.52%	8.33%	6.49%	8.29%	6.54%	8.36%
At least 250% but less than 300%	8.33%	9.83%	8.29%	9.78%	8.36%	9.86%
At least 300% but not more than 400%	9.83%	9.83%	9.78%	9.78%	9.86%	9.86%

Note: The detailed applicable percentage table used for purposes of Form 8962, *Premium Tax Credit (PTC)*, is found in the Form 8962 instructions for each year.

Required Contribution Percentage

Generally, if an employee is offered minimum essential coverage in the group market, including employer-provided health insurance coverage, the individual is ineligible for the PTC.

If an employee is offered unaffordable coverage by his or her employer, or the plan's share of provided benefits is less than 60%, the employee may be eligible for the PTC, but only if the employee declines to enroll in the coverage and satisfies the conditions for receiving a credit through an exchange. Unaffordable is defined as coverage with a premium required to be paid by the employee that is 9.5% or more of the employee's household income, based on self-only coverage. [IRC §36B(c)(2)(C)(i)(II)]

The 9.5% amount is adjusted each year for inflation. The following chart provides the inflation adjusted amounts for 2019 through 2021:

For plan years beginning in:	2021	2020	2019
The required contribution percentage is:	9.83%	9.78%	9.86%