



## Health Care Reform Resource Guide

### Premium Tax Credits for Coverage Purchased on Marketplace

#### **Background**

Individuals under age 65 who purchase insurance on the Marketplace may be eligible for reduced premiums based on their household income. In general, an individual may be eligible for reduced premiums if their household income is between 133% and 400% of the federal poverty level, and they are not eligible for government insurance or an employer-based health plan (or their employer plan is not affordable).

#### **Application to WELS VEBA**

It is important to note that Marketplace coverage must be purchased with after-tax dollars, while WELS VEBA premiums can be paid with pre-tax dollars by a sponsoring organization and/or an individual (via a Section 125 plan). Therefore, one dollar may purchase greater coverage under WELS VEBA due to the tax advantages than it can obtain with Marketplace coverage, even if the total premium for Marketplace coverage is reduced.

Another important item to note is that our interpretation of the ACA provides that housing allowance for a minister of the gospel is **not included** in the household income calculation for qualification for reduced Marketplace premiums.

#### **Resource Links**

- Premium credit estimation tool from Kaiser Family Foundation:  
<http://healthreform.kff.org/subsidycalculator.aspx>

#### **Contact WELS Benefit Plans**

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