



ACA Marketplace Coverage – What You Need to Know

The Affordable Care Act (ACA) Marketplace offers health insurance with important consumer protections. Understanding eligibility, the out-of-pocket limit, and the premium tax credit helps you decide whether to enroll.

Who Can Enroll?

- Live in the U.S. and be a citizen or lawfully present
- Not enrolled in Medicare or Medicaid
- Not have access to affordable employer coverage
- Open Enrollment: usually Nov 1 – Jan 15
- Special Enrollment Periods available after job loss, move, marriage, birth, or loss of other coverage

Why Enroll Instead of Going Without?

- No denial for pre-existing conditions
- No lifetime or annual dollar limits on essential benefits
- Preventive care often covered at \$0
- Hard annual out-of-pocket maximum protects you from catastrophic bills
- Possible premium tax credit that lowers what you pay each month

Out-of-Pocket Maximum – Your Financial Safety Net

For 2027, Marketplace plans cannot make you pay more than \$12,000 (individual) or \$24,000 (family) in deductibles, copays, and coinsurance for in-network essential health benefits. Once you hit that number, the plan pays 100% of covered services for the rest of the year. This is one of the strongest consumer protections in the ACA.

HOW THE PREMIUM TAX CREDIT (REBATE) WORKS

- The credit lowers the monthly premium you pay for a Marketplace plan. It is based on your expected household income and family size compared to the Federal Poverty Level (FPL).
- Starting 2026, the enhanced subsidies expired. Credits are available only if your income is between 100% and 400% of FPL. Above 400% FPL there is no credit (the “subsidy cliff”).
- The credit is calculated so that you pay no more than a set percentage of your income for the benchmark (second-lowest-cost) Silver plan. Lower income = larger credit.
- Most people take the credit in advance (APTC) — it is paid directly to the insurer each month so your bill is already reduced.
- At tax time you reconcile the advance credit on your return. If income was higher than estimated, you may owe some back. If lower, you may get an additional credit.
- Cost-sharing reductions (extra help with deductibles/copays) are available only with Silver plans for people under ~250% FPL.

HOW HUGS CAN HELP

We can help you estimate whether you may qualify for a premium tax credit, compare plan options, and understand how Marketplace coverage fits with your overall protection plan. At HUGS we have no greater joy than to hear that our clients are walking with confidence.