

Federal tax expenditures for the tax exclusion for employer-sponsored health insurance premiums and Marketplace premium tax credit, 2022

Table 1: Federal tax expenditures for the tax exclusion for employer-sponsored health insurance premiums and Marketplace premium tax credit per covered person, annualized, by income, 2022^{1,2,3,4,5}

Income	ESI Enrollment		ESI Income Tax Exclusion	ESI Inc + Payroll Tax Exclusion	Marketplace Enrollment		Premium Tax Credit
	Total, in Person-Years (millions)	Share of Total (%)	Average per Enrollee, annualized (\$)	Average per Enrollee, annualized (\$)	Total, in Person-Years (millions)	Share of Total (%)	Average per Enrollee, annualized (\$)
Under 200	15.56	11	790	1,650	5.89	44	6,420
200-300	19.58	13	820	1,730	2.70	20	5,770
300-400	21.77	15	950	1,890	1.73	13	4,610
400-500	18.01	12	1,270	2,230	0.88	7	3,220
500-600	14.68	10	1,430	2,400	0.51	4	2,560
600-700	11.01	8	1,600	2,530	0.32	2	2,060
700-800	8.68	6	1,680	2,590	0.21	2	1,650
800 or more	36.77	25	2,020	2,580	0.82	6	730
Unknown	-	-	-	-	0.33	2	5,580
Total	146.05	100	1,370	2,200	13.39	100	5,150

All footnotes are at the end of Table 3.



Table 2: Federal tax expenditures for the income tax and payroll tax exclusion of employer-sponsored health insurance premiums: totals, distributions, and annualized averages, by income, 2022^{1,2,4}

Income	ESI Enrollment		ESI Income Tax Exclusion			ESI Payroll Tax Exclusion			ESI Inc + Payroll Tax Exclusion	
	Percent of the Federal Poverty Level	Total, in Person-Years (millions)	Share of Total (%)	Average per Enrollee, annualized (\$)	Total Tax Exclusion Value (\$billions)	Share of Value (%)	Average per Enrollee, annualized (\$)	Total Tax Exclusion Value (\$billions)	Share of Value (%)	Average per Enrollee, annualized (\$)
Under 200		15.56	11	790	12.35	6	860	13.30	11	1,650
200-300		19.58	13	820	16.07	8	910	17.74	15	1,730
300-400		21.77	15	950	20.76	10	940	20.36	17	1,890
400-500		18.01	12	1,270	22.94	11	950	17.19	14	2,230
500-600		14.68	10	1,430	20.96	11	970	14.26	12	2,400
600-700		11.01	8	1,600	17.58	9	930	10.28	8	2,530
700-800		8.68	6	1,680	14.61	7	900	7.84	6	2,590
800 or more		36.77	25	2,020	74.33	37	550	20.36	17	2,580
Total		146.05	100	1,370	199.61	100	830	121.32	100	2,200

All footnotes are at the end of Table 3.



Table 3. Federal tax expenditures for the premium tax credit for individuals enrolled in the Marketplace: totals, distributions, and annualized averages, by income, 2022^{1,3,4,5}

Income	Marketplace Enrollment		Premium Tax Credit		
	Percent of the Federal Poverty Level	Total, in Person-Years (millions)	Share of Total (%)	Average per Enrollee, annualized (\$)	Total Tax Credit Value (\$billions)
Under 200	5.89	44	6,420	37.79	55
200-300	2.70	20	5,770	15.55	23
300-400	1.73	13	4,610	7.96	12
400-500	0.88	7	3,220	2.84	4
500-600	0.51	4	2,560	1.32	2
600-700	0.32	2	2,060	0.67	1
700-800	0.21	2	1,650	0.35	1
800 or more	0.82	6	730	0.60	1
Unknown	0.33	2	5,580	1.84	3
Total	13.39	100	5,150	68.91	100

Footnotes:

1. These tables report estimates of the reduction in revenues and increase in outlays attributable to the tax exclusion for employer sponsored health insurance (ESI) and premium tax credit (PTC) under the law as it applied in 2022. The averages reported in these table do not necessarily correspond to what an individual would forego or gain if they switched from one type of coverage to the other (assuming they were eligible). The value of the ESI income and payroll tax exclusion is determined by many factors, including the relevant marginal income and payroll tax rates and the value of the coverage. The value of the premium tax credit is determined by income relative to the Federal Poverty Level (FPL), age, location, and family size, among other factors. The characteristics of people with ESI and Marketplace coverage are quite different even among families with similar incomes. Enrollment numbers are rounded to the nearest thousand and percents to the nearest whole number, so sums may not add up to reported totals due to rounding.
2. The value of the ESI income and payroll tax exclusion is estimated using the Office of Tax Analysis’s Individual Income Tax Model (ITM). This table reports income tax and payroll tax savings associated with the exclusion of premiums for major medical policies only. The ITM holds total compensation for each



individual fixed under different tax treatment of health insurance premiums. For further detail on the ITM, please see OTA Technical Paper 12:

<https://home.treasury.gov/system/files/131/TP-12.pdf>

3. The average PTC is estimated using a combination of tax forms 1095-A, 8962, and 1040, along with information returns such as Form W-2 and Marketplace enrollment from the Exchange Periodic Data (EPD) database. The sample includes any person-month when an individual was enrolled in a Marketplace policy. The “Unknown” category includes individuals who cannot be matched to tax data with income information but received advance premium tax credit (APTC) in accordance with income information they provided to the Marketplace. Also included in the “Unknown” category are taxpayers who file a Form 8962 but who cannot be matched to coverage information. In cases where tax households and coverage households differ, APTC was evenly split among covered individuals within a household. PTC is the final amount of the premium tax credit after taxpayer reconciliation of their APTC during the tax filing process.
4. Averages are calculated by dividing the total value by the annualized enrollment. Annualized enrollment is calculated in person-years, adding monthly enrollment and dividing by 12.
5. The Federal Poverty Level depends on the number of people in a household. The Premium Tax Credit for 2022 coverage is calculated by reference to the federal poverty level for calendar year 2021. In 2021, the federal poverty level was \$12,880 for a family of one, \$17,420 for a family of two, \$21,960 for a family of three, and increased by \$4,540 for each additional person. Thus, for example, a family of three with income of \$54,900 would have an income of 250 percent of poverty.

