

Trump Administration Proposal Redefines Poverty to Raise Health Care Costs for Middle-Class Families

On May 7, 2019, the Office of Management and Budget published an [obscure regulatory notice](#) asking for information about alternative measures of calculating updates to the federal poverty level (FPL), an index used to determine qualification for many need-based programs. This notice signaled the Trump administration's intent to move toward a [new definition of inflation](#) that would gradually cut back eligibility and benefits over time.

Many have rightly noted the impact this would have on low-income families in America. Otherwise eligible people would lose access to Medicaid, health coverage through the Children's Health Insurance Program (CHIP), financial assistance for Medicare enrollees, benefits under the Supplemental Nutrition Assistance Program (SNAP), free and reduced-price school meals, nutrition assistance for low-income infants and pregnant women through the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), and more.

Press accounts thus far have understated the range of people placed at risk. The greatest harm will surely be felt by low-income people who lose benefits that are essential to meeting their basic human needs. But millions of middle-income people will suffer as well.

According to the Trump administration's own data, 8.2 million people now use premium tax credits (PTCs) to buy private health insurance. They would pay more in premiums under the administration's proposal because FPL affects the amount of each family's tax credit.¹

These are middle-class households, with an average income of \$63,510, according to Census Bureau data (Table 1). More than half (57%) have no more than a high school education. They are precisely the ["forgotten men and women"](#) whom President Donald Trump promised to protect, but this is the second policy move in less than a month that would raise their health care costs to save money for the federal government. The first such move was another technical change, finalized on April 18, which lowered [PTC amounts](#) by revising the formula for calculating health care inflation. Table 1 (page 2), shows the number of people affected in each state, along with their average family income and the percentage of affected adults who have no more than a high school education.

Working-class families with moderate incomes are once again squarely in the Trump administration's crosshairs, despite the administration's professed concern about their welfare. For them, the White House's rapid-fire bureaucratic sneak attacks are moving in precisely the wrong direction, raising rather than lowering health care costs for families in America.

¹ This number reduces the number of PTC beneficiaries by [16%](#), the proportion who have PTCs that fully pay premiums. Some within this group would continue to pay zero premiums, even if their PTCs declined in value. They are therefore excluded from the count of people whose costs will rise under the administration's approach.

Table 1. Number and Characteristics of Consumers whose Costs for Private Insurance Rise Under Trump Administration Cuts to Premium Tax Credits (PTCs), by State, 2017-2019

	Number of Privately Insured PTC Beneficiaries Whose Premium Costs Rise Due to PTC Cuts	Average Family Income	Percentage of Adults with no More than a High School Education
United States	8,156,849	\$63,510	57%
Alabama	140,249	\$63,590	58%
Alaska	10,636	N/A	51%
Arizona	106,131	\$89,194	58%
Arkansas	51,078	\$53,572	61%
California	1,114,625	\$64,602	54%
Colorado	95,304	\$56,460	51%
Connecticut	63,615	N/A	54%
Delaware	16,340	\$53,738	57%
D.C.	903	\$40,846	30%
Florida	1,400,323	\$54,418	57%
Georgia	362,738	\$55,232	56%
Hawaii	13,833	N/A	55%
Idaho	60,121	\$53,449	56%
Illinois	205,570	\$64,246	53%
Indiana	89,263	\$63,139	62%
Iowa	37,229	\$54,318	58%
Kansas	67,663	\$53,958	56%
Kentucky	53,414	\$53,574	62%
Louisiana	67,134	\$51,630	58%
Maine	44,296	\$51,600	57%
Maryland	111,817	\$64,749	53%
Massachusetts	235,319	\$70,087	50%
Michigan	177,420	\$68,327	55%
Minnesota	44,917	\$62,472	52%
Mississippi	82,213	\$54,541	58%
Missouri	160,518	\$54,066	62%
Montana	24,609	N/A	56%
Nebraska	68,851	\$56,993	56%

	Number of Privately Insured PTC Beneficiaries Whose Premium Costs Rise Due to PTC Cuts	Average Family Income	Percentage of Adults with no More than a High School Education
Nevada	56,372	\$55,442	54%
New Hampshire	26,498	\$57,192	55%
New Jersey	167,428	\$58,937	56%
New Mexico	28,843	\$53,136	54%
New York	120,872	\$68,203	61%
North Carolina	389,341	\$86,721	53%
North Dakota	15,025	N/A	56%
Ohio	117,539	\$54,451	59%
Oklahoma	118,138	\$55,188	59%
Oregon	87,115	\$72,792	54%
Pennsylvania	276,652	\$64,725	59%
Rhode Island	24,815	N/A	53%
South Carolina	156,415	\$53,011	55%
South Dakota	20,447	\$58,602	57%
Tennessee	156,952	\$52,904	60%
Texas	802,362	\$57,912	61%
Utah	135,201	\$68,688	55%
Vermont	19,351	\$51,529	42%
Virginia	233,569	\$64,209	56%
Washington	116,636	\$67,797	52%
West Virginia	16,372	\$54,218	62%
Wisconsin	144,125	\$58,493	55%
Wyoming	20,651	\$54,942	74%

Sources: 2019 Marketplace Open Enrollment Period Public Use Files, Centers for Medicare & Medicaid Services, Department of Health and Human Services; Families USA analysis of American Community Survey (ACS) data for 2017 showing the characteristics of people with incomes between 139% and 400% of the federal poverty level (FPL) who report purchasing individual-market coverage.

Note: The first column shows the number of PTC beneficiaries whose premiums were not fully covered by their PTCs. CMS [reports](#) that 16% of all PTC beneficiaries have their premiums fully paid by PTCs. We subtracted that share from the national total of 2019 PTC enrollees and distributed the reduction among states in proportion to each state's PTC enrollment in bronze-tier plans, which are the ones most often purchased at zero net cost. "N/A" means that a reliable income estimate for the state was not available because that state's small sample size plus the wide spread in incomes within the sample resulted in a 95% confidence interval with a ratio of 2.0 or greater between the upper and lower end of the interval. Some ACS respondents mischaracterize their coverage when they describe themselves as purchasing their own insurance. The percentage of adults with no more than a high school education includes those who did not finish high school and excludes people who received some college education. In states that did not expand Medicaid under the Affordable Care Act, average family income is lower than the amounts shown here, since such states qualify people for PTCs with incomes between 100% and 138% of FPL. Because of inflation from 2017 to 2019, average incomes would be slightly higher in 2019 than the amounts shown in this table.

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