



Advance Premium Tax Credit (APTC)

The Advance Premium Tax Credit or APTC is a tax credit you can use to help lower the monthly cost of your health insurance. This tax credit is only available when you get your plan through kynect and is based on your income and household size. You may have also heard APTC called payment assistance.

You may qualify for APTC if:

- Your employer **does not** offer health insurance, your employer-based insurance is unaffordable, or your employer-based insurance does not provide minimum value (covering at least 60% of the actuarial value).
- You **do not** receive Medicare, Medicaid, VA health care benefits, or Tricare.

The amount of APTC you may qualify for is determined by a sliding scale based on household size and income.

- Generally speaking, higher household income levels result in lower amounts of APTC.
- Below is the percentage of annual income a household can expect to pay for the Second Lowest Cost Silver Plan (SLCSP), based on where their household income falls on the Federal Poverty Level (FPL).

Income Range (% of FPL)	Range of Expected Contributions (as a % of annual income)
138-150%	0%
150-200%	0-2%
200-250%	2-4%
250-300%	4-6%
300-400%	6-8.5%

- Effective 1/1/2026 Members whose income is over the 400% FPL, will no longer be eligible for APTC.

For more information, please refer to the FPL Table Fact Sheet.



There are two ways to take the Premium Tax Credit.

1. Take It Now!

- a. Sign up for health insurance at kynect.ky.gov.
- b. Choose to take all or part of your credit in advance (monthly payments to your insurance provider).
- c. File your taxes the following year, including information about APTC.

Advantage: Lower your health insurance bill each month!

Example: “If I take the tax credit now, I lower my monthly health insurance bill to \$60”

Monthly Premium	\$300
Monthly Tax Credit	<u>-\$240</u>
New Monthly Cost	\$60

2. Take It Later!

- a. Sign up for health insurance at kynect.ky.gov.
- b. Do not take a credit at this time. File your taxes the following year and subtract your tax credit from the tax you owe or get a bigger refund if you don't owe anything.

Advantage: Lower the amount you pay at tax time!

Example: “If I take the same tax credit later, I pay the full \$300 monthly health insurance bill now, but I get a bigger refund after I file my taxes.”

Yearly Tax Credit	\$2880
Tax Due Amount	<u>-\$400</u>
IRS Refund	\$1,980

It is important to report changes.

If you take the Advance Premium Tax Credit, changes to your family size or income – or even a new job that offers health insurance – could mean you are getting the wrong amount of APTC. To make sure you get the right amount, report when you have changes. Go online to kynect.ky.gov or call 1-855-459-3628.

Family size can change when you get married, have a baby, or no longer claim your child on your tax return.



kynect.ky.gov

1-855-459-6328 (TTY) 1-855-326-4654



If your family size goes DOWN, report the change to recalculate your credit so you won't owe money. If your family size goes UP, report the change so you might get more tax credit each month.

Your income can change when you get a raise, lose a job or take a salary cut.

If your income goes DOWN, report the change so you might get more tax credit. If your income goes UP, report the change to recalculate your tax credit so you won't owe any money.

If your income changes each month, you may want to consider taking a partial credit. Your monthly health insurance bills will still be lower, but not as much. By taking the rest at tax time, there is less chance of owing additional taxes when you file your tax return.

Claudia and Patrick's story

"In January, we decided to take the Advance Premium Tax Credit based on our reported income. On August 1, I got a new job that increased our income so we no longer qualified for the tax credit. We forgot to report that change. At tax time, we had to pay back \$2,000."

APTC they got over 12 months	\$4,800
Amount they should have gotten since APTC ended in August	<u>-\$2,800</u>
Amount they must pay back	\$2,000

Remember: You control how much tax credit you use in advance.

