

The Premium Tax Credit calculation requires a benchmark premium amount based on the cost of the 2nd lowest Silver Plan available to the taxpayer before any credits or adjustments. The Kaiser Family Foundation has a [calculator](#) that can help estimate the benchmark amount. Enter the requested information, identify the amount noted in the row titled "Without financial help, your silver would cost:", and enter that amount in the 'Monthly Local Benchmark Premium' field. (Note: Holistiplan has not audited the results of this calculator and cannot verify its accuracy.)

You can also look up premiums directly at the [healthcare.gov](#) marketplace site, where you can enter your client's zip code and as much or as little information on the subsequent screens as you feel comfortable. Search for the full price (before any adjustments) for the **2nd lowest Silver plan** and enter that amount in the 'Monthly Local Benchmark Premium' field.

If your client uses a plan with a lower premium amount than the 2nd lowest Silver plan, enter the full, unadjusted premium amount for that plan in the Monthly Healthcare Marketplace Premium field. This is the only time you should use this field; otherwise, leave it blank.

Monthly Local Benchmark Premium

Number of months eligible

Annualized benchmark plan premium assumption: \$0

Annualized benchmark plan adjusted for MAGI-based "applicable figure": \$0

Monthly Healthcare Marketplace Premiums (Use only if the total premium is likely to be less than the benchmark premium. Otherwise leave blank.)

Annualized: \$0


Calculated Credit - Smaller of Max Allowable Credit vs. Expected Marketplace Premiums: \$0

Advance Payment of Premium Tax Credit (expected total amount for the year).

We need this information to determine any additional credit claimed on the return or, alternatively, if there is excess credit that needs to be repaid as 'additional tax'.

Net Credit: \$0

Excess Premium Tax Credit Due (leave blank to use the calculated amount):

 Calculated: \$0



Modeling the Premium Tax Credit



Overview

Reviewing the basics of the PTC



Data Needed & Data Entry

What you'll need to know to model the PTC, and how to enter information in scenario analysis



Other Considerations

How to review a baseline scenario and evaluate how additional income can impact credit repayment



Basics of the **Premium Tax Credit (PTC)**

The Premium Tax Credit - The Basics

- The ACA (Affordable Care Act) and subsidy is a common phrase used to refer to the PTC (Premium Tax Credit), a federally financed subsidy that helps eligible households lower their payments toward premiums to enroll in (or continue enrollment in) qualified health plans (QHPs) offered through exchanges
- The subsidy amount (aka the PTC) is determined by a formula that requires households to contribute a portion of the premium, based partly on household income and size. As household income increases, the PTC amount generally decreases, requiring households to contribute a larger portion of their income toward the premium.

General Requirements

- To be eligible to receive the PTC, individuals currently must
 - be U.S. citizens, U.S. nationals, or lawfully present individuals;
 - not be incarcerated (except for individuals in custody pending the disposition of charges);
 - not have access to subsidized health coverage (with exceptions); and
 - have annual household income that meets or exceeds the minimum threshold equivalent to 100% and not exceed 400% of the federal poverty level (FPL) (with exceptions)
- IRS Resources
 - [The Premium Tax Credit – The basics](#)
 - [About Form 8962 - Premium Tax Credit](#)

Elimination of the *Enhanced* PTC

- As part of the ACA, the income requirements were that those above 400% of FPL were not eligible for a PTC. The American Rescue Plan Act of 2021 included a temporary provision that expanded eligibility and enhanced subsidy amounts for tax years 2021 through 2025. This meant that those with incomes above 400% of FPL may still be eligible for a credit per the ARPA for 2021 - 2025. This provision was not extended and ended in 2025.
- Starting in 2026, if household income (MAGI for PTC) is above 400% of FPL, you are not allowed a premium tax credit and must repay all of the advance credit payments received.

Planning Considerations: For those with incomes approaching 400% of FPL, carefully consider how adding any type of income this tax year will impact their repayment, and possibly make them ineligible for any credit (and require repayment of what was received). This could lead to a large tax surprise!

For those with incomes above 400% of FPL who have received credits in the past, and are currently received a subsidy, plan now, review their tax situation, and possibly update their application with new income information to reduce advance payments received.

Important Changes for 2026

Repayment Limitation Cap - Ends

- There is no longer a repayment limitation. Prior to 2026, if a taxpayer received too much in advance payment, the repayment amount for some was limited based on their FPL and filing status. This limitation no longer applies.
- If your actual income exceeds the projections used when you enrolled in your marketplace health plan, you must repay the full amount of any excess premium subsidies received.

Planning Consideration: For those with incomes between 100-400% of FPL, an individual may be required to pay back more in 2026 as compared to prior years, because their repayment amount is not limited. This could lead to a larger tax bill than expected.

Table 5. Repayment Limitation

IF the amount on Form 8962, line 5, is	THEN enter on line 28	
	for a filing status of Single—	for any other filing status—
Less than 200	\$375	\$750
At least 200 but less than 300	\$975	\$1,950
At least 300 but less than 400	\$1,625	\$3,250
400 or more	leave line 28 blank	

This repayment limitation table no longer applies in 2026



Source: 2025 Form 8962 Instructions Line 28



Data Needed **to model the PTC**

SLCSP Cost - The Second-Lowest-Cost Silver Plan

Healthcare plans are placed in four main categories:

- Bronze
- Silver
- Gold
- Platinum

Bronze plans have the lowest monthly premiums with higher deductibles and out-of-pocket healthcare costs.

Platinum plans have higher plan premiums but lower deductibles and out-of-pocket healthcare costs.

Cost estimates when you get care

The percentages listed are estimates of the plan's share and your share of costs when you get covered services. The actual costs you pay vary by plan.

Plan Category:	Plan pays:	You pay:	Deductible is generally:
Bronze	60%	40%	High
Silver	70%	30%	Moderate
Silver with extra savings	73-96%	6-27% (Depends how much savings you qualify for)	Low
Gold	80%	20%	Low
Platinum	90%	10%	Low

Source: <https://www.healthcare.gov/choose-a-plan/plans-categories/>

The PTC subsidy is calculated using the premium for the second-lowest-cost silver plan (SLCSP), which is referred to as the *benchmark plan*.

Estimate the SLCSP - The Second-Lowest-Cost Silver Plan

Information you will need to estimate the SLSCP for your client:

- Zip code
- Household members (including dependents that will be claimed on taxpayer's return)
 - Age
 - Gender
 - Pregnant? Tobacco User?
- Skip income questions for SLCSP estimate

Use [Healthcare.gov](https://www.healthcare.gov) for those in states without a specific state-based exchange. Use the state-based website for those with a state-specific exchange.

Or use the [Kaiser Family Foundation](https://www.kff.org) tool.

Tell us about you

Age

Sex

Male

Female

Select any of these that apply to you.

Optional

Eligible for health coverage through a job, Medicare, Medicaid, or CHIP

Legal parent or guardian of a child under 19
(claimed as a tax dependent)

Pregnant
Don't include a baby as a dependent until it's born.

Tobacco user
Used tobacco products 4 or more times per week on average during the past 6 months (not including ceremonial uses)

None of these

Information Your Client Needs to Provide:

- The cost, or plan premium (before subsidy)
- Advance payment amount (subsidy received)
- Number of months covered (typically full year, but could be a partial year)

From [Healthcare.gov](https://www.healthcare.gov), this can likely be found after logging in and clicking “Go to Applications” > “My Plans and Programs”

In the example to the right, the individual selected a health insurance plan that costs \$707.90 per month, *without* any subsidy.

Based on the income information the individual entered when they applied for coverage, they are estimated to be eligible for a \$600 PTC when they file their return. The individual opted to receive it in advance, which is \$50 per month of subsidy. This is the “advance” payment of the PTC.

They pay the net amount, or \$657.90 per month.

When they file their return, they reconcile the amount received in advance, with what they should have received based on actual income reported on their return.

Humana Gold

Humana Marketplace, Medical Exchange

US Bank: Humana Insurance CO
P.O. Box 3024
Milwaukee, WI 53201-3024

1-800-833-6917

VIEW PLAN BENEFITS

Base premium	\$707.90 /mo.
Premium tax credit	\$-50.00 /mo.

You pay: **\$657.90**/mo.

Form **8962**

Department of the Treasury
Internal Revenue Service

Premium Tax Credit (PTC)

Attach to Form 1040, 1040-SR, or 1040-NR.

Go to www.irs.gov/Form8962 for instructions and the latest information.

OMB No. 1545-0074

2025

Attachment
Sequence No. **73**

Name shown on your return

Your social security number

A. You cannot take the PTC if your filing status is married filing separately unless you qualify for an exception. See instructions. If you qualify, check the box

Part I Annual and Monthly Contribution Amount

1	Tax family size. Enter your tax family size. See instructions		1	
2a	Modified AGI. Enter your modified AGI. See instructions	2a		
b	Enter the total of your dependents' modified AGI. See instructions	2b		
3	Household income. Add the amounts on lines 2a and 2b. See instructions		3	
4	Federal poverty line. Enter the federal poverty line amount from Table 1-1, 1-2, or 1-3. See instructions. Check the appropriate box for the federal poverty table used. a <input type="checkbox"/> Alaska b <input type="checkbox"/> Hawaii c <input type="checkbox"/> Other 48 states and DC		4	
5	Household income as a percentage of federal poverty line (see instructions)		5	%
6	Reserved for future use			
7	Applicable figure. Using your line 5 percentage, locate your "applicable figure" on the table in the instructions		7	
8a	Annual contribution amount. Multiply line 3 by line 7. Round to nearest whole dollar amount	8a		
		8b		



Zach and Sally

Scenario Analysis

Household Details

- Zach & Sally Smith are legally married and file a joint return
- They are both age 51
- Neither use tobacco
- They have a 16-year old son who they claim as a dependent on their return and will be covered by this plan
- They live in Orlando, Florida
- Neither is offered health insurance through their employers, so they get insurance via [Healthcare.gov](https://www.healthcare.gov) (Note: Florida does not have a state-based exchange)
- They meet all other eligibility requirements for the PTC

Plan Details

- SLCSP: \$2,442
- Their plan premium *before* subsidy: \$2,750
- Their monthly subsidy (advance payment): \$1,731
- Net premium that Zach and Sally pay each month: \$1,019