SB 51 – Sen. Onder’s Bill Banning Federal Premium Tax Credits in Missouri

SB 51, sponsored by Sen. Bob Onder (R-2-St. Charles County), would suspend the license of any health insurance company that accepts federal premium tax credits that reduce premiums and other costs for people who purchase insurance through the new federal Health Insurance Marketplace. Health insurance companies that have received federal premium tax credits would have to return them to the federal government to be able to obtain a license. By forcing insurers to either return tax credits to the federal government or lose their ability to do business in Missouri, SB 51 is intended to take away new discounts that make insurance affordable for moderate income Missourians.

What are these federal premium tax credits?

Federal premium tax credits are discounts that reduce the premiums and other costs for people who purchase insurance through the Marketplace. People can elect to claim them on their federal income tax return or have them paid directly to the health insurer to reduce the monthly cost of coverage for individuals and families.

Who can get a premium tax credit?

Individuals and families earning between 100-400 % of poverty who do not have access to other affordable health insurance can get premium discounts, that’s single people with yearly incomes between $11,670-$46,680 and families of four with incomes between $23,850-$94,200. Those with incomes up to 200% of poverty can get additional cost sharing discounts.

What’s at stake?

Insurance coverage for more than 217,000 Missourians who have received premium tax credits. 87% of people enrolling in Marketplace plans for 2015 qualify for premium tax credit discounts. Without premium tax credits, these families will be priced out of insurance coverage and join the ranks of the uninsured.

Can Missouri enforce a law that prevents people from using a federal tax credit?

SB 51 claims that the federal Health Insurance Marketplace has no legal authority to provide federal premium tax credits. That is also the claim asserted in King v Burwell, the latest U.S. Supreme Court case to challenge part of the Affordable Care Act. If the U.S. Supreme Court finds that the federal Marketplace has no authority to award federal tax credits in states like Missouri that use the federal Marketplace, SB 51 will be irrelevant. If the Supreme Court rules in favor of the federal government, SB 51 is clearly and unequivocally unconstitutional. Oral arguments are set for March 4 and a ruling is expected by late June 2015.

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