

The End of the COVID-19 Public Health Emergency: American Rescue Plan Act Enhanced Subsidies



The [American Rescue Plan Act](#) (ARPA) (signed March 11, 2021) increased financial assistance to people buying health insurance coverage on the marketplace by:

- ★ Providing people with income up to 150% federal poverty level (FPL)** with silver plans for zero premium and reduced deductibles
- ★ Increasing premium subsidies for people at every income level up to 400% FPL
- ★ Capping the premium amount to 8.5% of household income towards the benchmark plan for people with income above 400% FPL

The ARPA enhanced premium subsidies were set to expire at the end of 2022.*

ARPA Enhanced Subsidies: Impact

- ★ A record high of [14.5 million people](#) enrolled in the marketplace in 2022, a 21% increase from 2021
- ★ ARPA subsidies [increased access to zero-premium plans on healthcare.gov](#) from 43% to 62% of uninsured non-elderly adults, and access to low-cost plans (<\$50 month in premium) increased from 57% to 73% of consumers
- ★ ARPA subsidies are [critical for middle-income people](#), including older adults (ages 50-64) and people living in rural areas often experience higher premiums
- ★ Uninsured people who are newly eligible for assistance [tend to be young adults, people without college educations, Hispanic/Latino, and non-native English speakers](#)
- ★ [360,000 uninsured Black individuals](#) are predicted to be newly eligible to save money on health care coverage and 328,000 are predicted to be eligible for zero-dollar benchmark Marketplace plans with the passage of ARPA

Inflation Reduction Act: Impact

The [passage of the Inflation Reduction Act \(IRA\)](#) in August 2022 extended the premium subsidies for three years through 2025, among other things. As a result of IRA:

- ★ Over 3.0 million people who would have become uninsured will get to keep their health care coverage
- ★ Millions of people will have access to more affordable marketplace plans

If the ARPA subsidies were allowed to expire at the end of 2022:

- ★ People would have faced a [median proposed premium increase of 10% in 2023](#), with health insurers in 13 states and D.C. proposing premium increases of 5-14%
- ★ People buying coverage from healthcare.gov would have faced an [average 53% increase in health insurance premiums](#), with average costs per person increasing from \$2,261 to \$3,460 in people state-based marketplaces
- ★ An [estimated 3.0 million people](#) would have become uninsured, 8.9 million would have seen reduced premium subsidies, and 1.5 million would have lost their subsidies entirely but remain insured
- ★ [Non-Hispanic Black individuals, young adults, and people with incomes between 138-400% FPL](#) would have experienced the largest coverage losses
- ★ An [additional 850,000 women of reproductive age](#) would have become uninsured

“ They [health care providers] bill for the hospital physician, bill for the bed, bill for the drugs they gave you, and bill for the IV they gave you. They even bill for the man who drove you down the hall and the person that spoke to you in the hallway. It’s ridiculous.”

- Focus group participant, South Carolina

*Although the premium subsidies were set to expire at the end of 2022, the Inflation Reduction Act (IRA) extended the subsidies for another three years. [More information here.](#)

**150% FPL is \$20,385 for a household size of one and \$41,625 for a household size of four; and 400% FPL is \$54,360 for a household size of one and \$111,000 for a household size of four, as of January 12, 2022. [More information here.](#)



Initiatives

Federal Initiatives

- ★ The [passage of IRA](#) extended the ARPA enhanced premium subsidies for three years into 2025
- ★ [Special enrollment period in response to COVID-19](#) to allow people to sign up for health insurance coverage amid uncertainty and exceptional circumstances

State Initiatives

- ★ Several states, including CA, CO, CT, MA, MD, NJ, NM, and VT, have [state marketplace subsidies](#) to help with premiums and cost-sharing
- ★ New Mexico: \$28 million for [premium and cost-sharing reductions](#) for New Mexico health insurance exchange enrollees and Medicaid transition premium buy-downs for exchange eligible consumers
- ★ California: \$333.4 million for the purpose of [health care affordability programs](#) operated by its Exchange, and requires the Exchange to develop options for providing cost sharing reduction subsidies for low- and middle-income Californians



Recommendations

Federal Policy Recommendations

IMMEDIATE OPPORTUNITIES

- ★ Increase funding for outreach and enrollment assistance for consumers, with strategic outreach into communities that newly received coverage and/or have historically experienced barriers to seeking coverage

LONG TERM SOLUTIONS

- ★ Extend the enhanced premium subsidies on a permanent basis

State Policy Recommendations

IMMEDIATE OPPORTUNITIES

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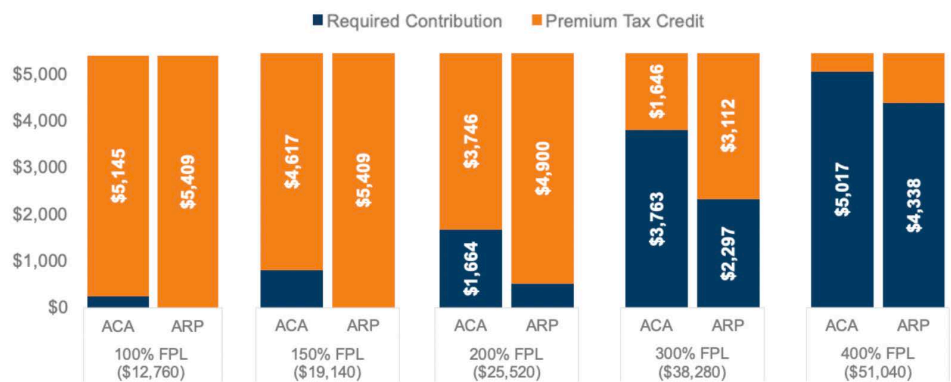
LONG TERM SOLUTIONS

- ★ Provide [state-based subsidies \(premiums, cost-sharing\)](#) to provide individuals with affordable coverage options, including individuals currently ineligible for existing federally-funded subsidies (e.g. individuals without documentation)
- ★ Establish [regulatory interventions to control costs](#), like cost-growth benchmarks

“My job was a casualty of COVID. I may have gotten caught in a life-threatening situation if I didn't know that life changes such as layoffs (and losing your employer-sponsored health insurance) allow you to get coverage outside of open enrollment windows. I can probably do without doctor visits and labs for a while, but I can go maybe a month without insurance for my RXs, and that's if and only if my automatic 90-day renewals are aligned. If not, I'm stuck. And probably close to bankrupt.”

- Claire Sachs,
Voices of Real Life Council Member

Average Annual Benchmark Premium (\$5,409) Contribution and Tax Credit for a 40-year-old in 2021 Under ACA and ARP



Source: KFF, "Health Insurance Marketplace Calculator." Mar 10, 2021.



UNITED STATES OF CARE

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This one-pager is part of USofCare's playbook, "The End of the COVID-19 Public Health Emergency: Lessons Learned from the Pandemic and Implications for People."

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