



## ***New Opportunities for Health Insurance Coverage***

A Primer on the American Rescue Plan's Private Health Insurance Provisions

The American Rescue Plan Act of 2021 (ARP) makes major changes to the Affordable Care Act's health insurance subsidy provisions. As a result, millions of Americans will have the opportunity to enroll in affordable comprehensive health coverage, including the [15 million uninsured](#) Americans who are currently eligible to purchase coverage on the Health Insurance Marketplace. This primer summarizes the ARP's health insurance provisions and provides resources to help people find coverage that suits their needs.

**Special Enrollment Period:** Healthcare.gov now allows people to shop for, enroll, or re-enroll in health coverage during a special enrollment period that expires on **August 15, 2021**. The special enrollment period may be different in states that operate their own exchange. Visit [healthcare.gov](https://www.healthcare.gov) or call 1-800-318-2596 for more information.

### **Background**

Under the Affordable Care Act, also known as Obamacare, people with incomes between 100% and 400% of the federal poverty level are eligible to receive financial assistance to reduce the cost of health insurance purchased through the Health Insurance Marketplace. The subsidies have helped make coverage affordable for millions of people, but premiums and cost-sharing may still be high for people who don't receive large subsidies.

Having health comprehensive coverage is especially important during the COVID-19 pandemic. To encourage people to enroll in coverage, the ARP temporarily expands eligibility and the generosity of financial subsidies for health coverage purchased through the Health Insurance Marketplace. It also enables those receiving unemployment benefits to enroll in zero-premium health insurance plans and provides financial help to people who have lost their job but remain enrolled in their employer's health coverage through COBRA.

### *Subsidies for Health Insurance Purchased through the Health Insurance Exchange*

The Affordable Care Act provides premium tax credits to eligible people with incomes between 100% to 400% of the federal poverty level (FPL), or about \$26,200 to \$104,800 for a family of four. Under the ARP, in plan years 2021 and 2022, people who purchase coverage through the Health Insurance Marketplace will be able to receive larger premium tax credits that will significantly lower the cost of their coverage. With these new subsidies, **80% of enrollees will be**

able to purchase a plan for \$10 or less per month and more than half will be able to enroll in a Silver plan for \$10 or less per month. Those with incomes 100% to 150% of the federal poverty level (FPL) could enroll in a benchmark Silver plan with a premium of zero dollars.

For the first time, middle income individuals and families with incomes at and above 400% FPL, or \$52,040 for a single adult and \$104,800 for a family of four, will be eligible for premium subsidies. This means their premiums will be capped at no more than 8.5% of their annual household income. As a result, many middle-income individuals and families could save thousands of dollars a year on their health insurance premiums.

The U.S. Department of Health and Human Services estimates that 3.6 million uninsured people will be newly eligible for premium tax credits as a result of the ARP. These changes will also help to address racial and ethnic disparities in coverage access. For example, 360,000 uninsured Black and African Americans will be newly able to receive financial subsidies to reduce the cost of marketplace-based coverage.

Additionally, people who incorrectly estimated their annual income in 2020 and received excess subsidies for their Marketplace-based coverage, will not have to pay back the excess subsidy amount to the government.

How will people benefit from the new subsidies? It depends on factors like age, zip code, and income. Here are a few examples of how much an eligible person could save, based on calculations from [ACAsignups.net](https://www.acasignups.net):

- **A 40-year-old single adult with an annual income of \$17,903**, would see their monthly subsidized premium for an average benchmark Silver plan decrease from \$52 to \$0, for an annual savings of \$619.
- **A 40-year-old couple with two children and an annual income of \$78,600**, would see their monthly subsidized premium for an average benchmark Silver plan decrease from \$644 to \$393, for an annual savings of \$3,010.
- **A 60-year-old married couple with an annual income of \$78,390**, would be newly eligible for subsidies. Their monthly premium for an average benchmark Silver plan would decrease from \$1,920 to \$555, for an annual savings of \$16,377.

This [Health Insurance Marketplace Calculator](#) from the Kaiser Family Foundation provides an idea of the benefits available based on location, age, income and other factors.

#### *How Can People Get the New Marketplace Subsidies?*

People can visit [healthcare.gov](https://healthcare.gov) or their state-run marketplace to shop for, enroll in, or update their Marketplace coverage. Some states, including California and Rhode Island, are automatically adjusting premiums to reflect the new subsidies.

Specifically, [guidance](#) from the Centers for Medicare and Medicaid Services recommends the following (Note that state-operated marketplace policies may be different):

- On or after April 1, those who want to sign up for new coverage should go to the marketplace, submit their application, and select a plan. Enhanced premiums for healthcare.gov plans will be applied starting May 1.
- On or after April 1, people currently enrolled in coverage through healthcare.gov should return to the site, update their applications, and reselect their current plan or pick a new one. The new subsidies will be reflected in the next month's premium.
- Keep in mind that if a person selects a new plan, their deductible and annual limit on cost sharing may reset to zero, so people should check with their insurer before switching to a new plan.
- If a person is eligible for new subsidies and doesn't update or enroll in new coverage, their tax credits will be refunded when they file and reconcile federal taxes for 2021.

### *Subsidized Coverage for People Receiving Unemployment Benefits*

Individuals receiving unemployment benefits in 2021 are eligible for temporary enhanced health insurance subsidies. The subsidy amount is equivalent to what one would receive if their income was no greater than 133% FPL. This means a person could enroll in a benchmark Silver plan with a **zero-dollar premium and very low cost-sharing**. They could also enroll in a plan equal or less expensive than a benchmark Silver level plan and pay zero premium. The subsidies will be available starting in early July 2021.

### *Subsidies for People Enrolled in COBRA Continuation Coverage*

People who are laid off or experience reduced work hours have the option of remaining enrolled in their employer-sponsored coverage for up to 18 months through a provision called COBRA. However, COBRA coverage can be very expensive, since enrollees have to pay the full cost of their insurance plus and administrative fee. The ARP **fully subsidizes the premium for COBRA continuation coverage** from April 1, 2021 to September 30, 2021 for people who elect this type of coverage.

## **Resources**

Kaiser Family Foundation Health Insurance Marketplace Calculator:

<https://www.kff.org/interactive/subsidy-calculator/>

Quealy K and Sanger-Katz M. Obamacare's About to Get a Lot More Affordable. These Maps Show How. <https://www.nytimes.com/2021/03/10/upshot/stimulus-obamacare-lower-costs.html>

U.S. Department of Health and Human Services. The American Rescue Plan: Reduces Health Care Costs, Expands Access to Insurance Coverage and Addresses Health Care Disparities. Fact Sheet. <https://www.hhs.gov/sites/default/files/fact-sheet-hhs-american-rescue-plan-health-insurance-coverage.pdf>