



How the American Rescue Plan Act Affects Health Insurance

The COVID-19 pandemic has wreaked havoc in the lives of Americans of all ages across the country. The American Rescue Plan Act (ARPA) was signed into law to help combat some of the negative effects the pandemic has had on peoples' health and wallets. One impact that will be felt by many Americans is the improved affordability of health insurance coverage.

What is the American Rescue Plan Act?

The ARPA is a \$1.9 trillion, multi-level act designed to address a variety of problems that have surfaced during the pandemic. Some of the key components of the plan include:

- Stimulus checks for individuals, couples, and families
- Extended unemployment benefits
- National vaccination program
- Scaled-up COVID testing
- Safe reopening of schools
- Protection for frontline workers from COVID
- Expanded paid leave to reduce virus spread

In addition, ARPA will affect new and existing health insurance plans, making premiums more affordable for millions of Americans nationwide.

How will the American Rescue Plan Act affect new and existing health insurance plans?

According to [whitehouse.gov](https://www.whitehouse.gov), roughly two to three million people may have lost employer-sponsored health insurance between March and September of 2020. Families who have maintained coverage may also be struggling to pay premiums and afford care with the economic strain of the pandemic impacting most of the country.

Whether you have private health insurance, lost coverage due to job loss, or are unable to afford a plan, the ARPA may benefit you. The legislation increases the number of people eligible for subsidies and offers zero-dollar premiums for people with lower incomes. Temporary provisions will make coverage significantly more affordable for many who currently have purchased a plan on the marketplace, lost employer coverage, or are uninsured.

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The ARPA and income level

If you have income over 400% of poverty level, you may be eligible for subsidies you did not qualify for before the ARPA became law. So, for example, if you are only providing health coverage for yourself and your income is around \$51,500 a year, then you may be eligible for a subsidy in 2021 that you would not have qualified for prior to the ARPA.

If your income is under the 400% threshold, you may qualify for additional financial assistance and see substantially reduced premium costs in some cases.

Under the ARPA, premiums for healthcare (benchmark or less expensive) plans will be capped at 8.5% for nearly every income level. Average savings will be approximately \$70 per month for those who currently have a marketplace plan. People with incomes under 150% of poverty level will now have zero-dollar premiums for silver plans, as well as significant reductions in out-of-pocket expenses.

What changes will help uninsured individuals?

Even before the passage of the ARPA, more than half of all Americans who were uninsured were eligible for financial assistance to help them get insurance coverage. Under the ARPA, the eligible number has increased, with coverage options through the marketplaces, Basic Health Programs (BHPs), or Medicaid. Uninsured individuals can also sign up during the COVID special enrollment period. This enrollment period runs through August 15, 2021 on the federal exchange and will be open year-round on Covered CA.

What changes were made related to COBRA plans?

COBRA will also see changes under the ARPA. COBRA is a provision of the law that allows people who lose their employer coverage to keep that coverage for 18 months. Those who opt for COBRA must pay the entire premium for the plan, plus a small administrative fee. Under ARPA, people who lose their employer coverage through involuntary termination of employment or reduction in hours may be eligible for fully subsidized COBRA coverage through September 2021.

What changes were made related to ACA plan subsidies?

The ACA offers subsidies to help people with income levels between 100% and 400% of the poverty level pay for their insurance premiums. Those subsidies will increase for these individuals, so monthly premiums go even lower. The ARPA has also expanded subsidies to people with income levels above 400% of the poverty level, while people with incomes up to 150% of the federal poverty level will qualify for zero-premium plans.

When will the American Rescue Plan Act go into effect?

The ARPA went into effect on March 11, 2021 and many Americans have already received the stimulus checks that were also part of the plan. People with marketplace health insurance coverage can update their information on the exchange to get new details about their costs starting April 1, 2021, but changes will be retroactive to January 1, 2021. The temporary provisions are currently slated to last for two years.

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Next Steps?

If the ARPA will affect your subsidy qualifications or other details of your current plan, you can get a quote from eHealth through the ABA Insurance Program or contact the eHealth support team via chat or over the phone to see if your subsidy will change. You can begin this process on April 1 to get new details about your plan based on ARPA changes. Some states, including California, have announced they will adjust premiums automatically if your qualifications have changed, and you will only need to make changes if you are unhappy with your current plan.

Determine whether you can afford to switch to better coverage because of the lower premiums and increased subsidies. Keep in mind that if you switch plans now, you may lose the amounts you have already paid toward your deductible, which may be a factor in whether you switch now or wait until the end of the year.

If you are uninsured, you can sign up for a plan during the COVID special enrollment period that runs through August 15, 2021. States that have their own exchanges may have different special enrollment periods.

Call us for more information at [1.855.967.0415](tel:1.855.967.0415)



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