The American Rescue Plan: Implications for Health Policy & Politics

March 30, 2021
Panelists

Moderator: Karen Volmar, JD, MPH, FACHE
Associate Professor
Moderator
Department of Health Policy and Management

Panelists: Pam Silberman, JD, DrPH
Professor
Department of Health Policy and Management

Jon Oberlander, PhD
Professor
Department of Health Policy and Management
Professor and Chair
Department of Social Medicine, UNC School of Medicine
American Rescue Plan Act (ARP): Overview

• Signed into law on March 11, 2021 (H.R. 1319, Pub. L. No. 117-2)
• $1.9 Trillion
• Includes many time-limited health-related provisions, including coverage and other non-coverage provisions
• The Biden Administration has made other changes outside the ARP which affect access to health insurance
• The ARP also includes provisions addressing social determinants of health and economic recovery (not covered today)
Quick Reminder: ACA Coverage Provisions

• As a reminder, the Affordable Care Act built on the existing health insurance system:
  • Employer-based coverage: Requiring large employers (50 or more) to offer health insurance or pay a penalty
  • Public coverage: Requiring states to expand Medicaid to individuals with incomes up to 138% FPL (US Supreme Court later made this voluntary to states)
  • Individual coverage: Requiring individuals to have health insurance coverage or pay a penalty (the penalty was removed by Congress effective 2019)
Advanced Premium Tax Credits

• The ACA helped individuals or families pay for health insurance coverage in the Marketplace.

• Individuals or families can qualify for Advanced Premium Tax Credits (APTC) to help pay premiums for coverage in the Marketplace if:
  
  • Their income is between 100–400% FPL
  • They are not eligible for government coverage (Medicaid, CHIP or Medicare)
  • They are not have access to affordable employer-sponsored insurance

• Note: Those with incomes less than 100% FPL fall into the Medicaid gap—they do not qualify for any subsidies.
Subsidies Based on Sliding Scale

**APTC:** The amount of the premium subsidy is based on the person’s income.

- Lower income families qualified for more premiums subsidies.

**Cost Sharing Subsidy:** In addition, families with incomes between 100-250% FPL qualified for help with out-of-pocket cost sharing if they purchased a silver level plan.

### 2021 Federal Poverty Level

<table>
<thead>
<tr>
<th>Family Size</th>
<th>100% FPL/Yr.</th>
<th>250% FPL/Yr.</th>
<th>400% FPL/Yr.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$12,880</td>
<td>$32,200</td>
<td>$51,520</td>
</tr>
<tr>
<td>2</td>
<td>$17,420</td>
<td>$43,550</td>
<td>$69,680</td>
</tr>
<tr>
<td>3</td>
<td>$21,960</td>
<td>$54,900</td>
<td>$87,840</td>
</tr>
<tr>
<td>4</td>
<td>$26,500</td>
<td>$66,250</td>
<td>$106,000</td>
</tr>
<tr>
<td>Each additional person</td>
<td>$4,540</td>
<td>$11,350</td>
<td>$18,160</td>
</tr>
</tbody>
</table>
The American Rescue Plan (ARP) Expands Marketplace Subsidies

• Removes the 400% upper limit on advance premium tax credits.
  • Limits the amount that upper income families will pay on premiums to 8.5%
    (Sec. 9661)

• Reduces premiums for lower income families with incomes above 100% FPL (Sec. 9661)

• These provisions only available for two years (2021-22)

Special Rules for People Who Receive Unemployment Benefits

• Special rules for unemployed: Individuals who receive unemployment benefits will be considered to have incomes no higher than 133% FPL. (Sec. 9663)
  • They can receive maximum benefits both for premium tax credits and cost sharing subsidies
  • May also help some people whose income is below 100% FPL (eg, in the Medicaid gap)
  • This provision only available for one year
Comparison of Individual Contribution to Premiums Pre and Post American Rescue Plan

<table>
<thead>
<tr>
<th>Individual or family income</th>
<th>Affordable Care Act (pre-ARA)</th>
<th>American Rescue Act (only through 2022)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;100% FPL</td>
<td>Not eligible for subsidies</td>
<td>Not eligible for subsidies</td>
</tr>
<tr>
<td>100–133% FPL</td>
<td>2.07% of income</td>
<td>0.0%</td>
</tr>
<tr>
<td>133–150% FPL</td>
<td>3.10–4.14%</td>
<td>0.0%</td>
</tr>
<tr>
<td>150–200% FPL</td>
<td>4.14–6.52%</td>
<td>0.0% - 2.0%</td>
</tr>
<tr>
<td>200–250% FPL</td>
<td>6.52–8.33%</td>
<td>2.0% - 4.0%</td>
</tr>
<tr>
<td>250–300% FPL</td>
<td>8.33–9.83%</td>
<td>4.0% - 6.0%</td>
</tr>
<tr>
<td>300–400% FPL</td>
<td>9.83%</td>
<td>6.0% - 8.5%</td>
</tr>
<tr>
<td>400% + FPL</td>
<td>No limit</td>
<td>8.5%</td>
</tr>
</tbody>
</table>

ARP Reduces ACA Subsidy “Cliff”

NOTE: Alaska and Hawaii are excluded from this chart because these states have different poverty guidelines, and thus different subsidy cutoffs, from the rest of the U.S. This analysis includes plans that are offered on exchange. Current law premiums account for additional financial assistance provided to enrollees in California and Vermont. The $15,000 income scenarios (118% FPL) reflect weighted average premiums in states that have not yet expanded Medicaid.

Older Adults with Incomes Slightly Above 400% will See the Greatest Impact

Impact of ARP on premiums/Yr. (Ages 21, 45, 64, 150% FPL and 450% FPL)

CBO Cost Estimate. Reconciliation Recommendations of the House Committee on Ways and Means. Exhibit 2. Assumes single individual with $19,300 income (150% FPL) or $58,000 (450% FPL) in 2021. Based on national average premiums for benchmark plan (nongroup coverage). Premium prices without subsidies vary from $4,300 for 21 year old to $12,900 for 64 year old.
Congressional Budget Office (CBO) Estimated Impact of Premium Changes

• ~2.5 million uninsured will gain coverage from 2021 through 2023 and it will make coverage more affordable to others
• In 2022 ~1.7 million more people would enroll in Marketplace coverage.
• ~1.4 million people receiving unemployment benefits will enroll in subsidized Marketplace coverage.

Changes to APTC Reconciliation Provisions

• Normally, individuals have to “reconcile” how much they received in advanced premium tax credits (based on estimated income) to what they should have received (based on actual income) when they file their income taxes. If they received too much in APTC, they had to pay part or all of it back.

• ARP: No penalties if individuals inadvertently underestimate their income during the year (Sec. 9662)
  • This only applies for the 2020 taxable year.

COBRA Continuation Coverage Subsidies

• The ARP provides COBRA continuation subsidies for individuals who lose employer sponsored insurance because they are laid off involuntarily or who have reduced hours. (Sec. 9501)

  • COBRA allows individuals to stay on their employer sponsored health insurance for up to 18 months after they lose their coverage, but historically the individual must pay the full costs of coverage (eg, up to 102% of total costs)

  • The American Rescue Plan will subsidize 100% of the costs for COBRA coverage, from April 1-September 30, 2021.

  • COBRA subsidies are not available if an individual is eligible to enroll in another group health plan.
Congressional Budget Office Estimates

• ARP provision would help ~2.2 million people who would enroll in COBRA coverage, in addition to the ~800,000 who are currently receiving COBRA.

  • Note: estimates were done based on House bill which would have only provided 85% coverage instead of 100%.

NOTES: Current status for each state is based on KFF tracking and analysis of state activity. ◇Expansion is adopted but not yet implemented in MO and OK. (See link below for additional state-specific notes).


State Medicaid Expansion Decisions (March 2021)

- 12 states have not yet expanded Medicaid
- Two states passed expansion but not yet implemented
Medicaid Incentives to Non-Expansion States

• ARP would increase the match rate for *traditional Medicaid* by 5 percentage points for two years after the state expands Medicaid (Sec. 9814).

• States will make money for these two years: The increase in federal funds from the FMAP increase will more than offset the state’s 10% contribution to cover the expansion population.

  • If all 12 states expanded their Medicaid program, it would cost $6.8 billion in expansion, but they would receive a total of $16.4 billion in federal funds over two years from the 5 percentage point increase.

• Applies to the 12 states that have not expanded, plus MO & OK.

An Example of the Medicaid Incentive: NC

• Federal match rate in North Carolina is ~67% for traditional Medicaid (Increased to 73.85% through the COVID public health emergency)
  • State currently covers 2.3 million people in traditional Medicaid.
• State would receive extra 5 percentage points of federal funds for all the costs of covering 2.3 million people.
• State would still have to pay 10% for the expansion population.
  • Urban Institute estimates that 591,000 people would gain Medicaid coverage if the state expanded.
• Kaiser Family Foundation estimates that the state would net $1.2 B in total over two years if it expanded Medicaid.

Expanded Medicaid Post-Partum Coverage

- Pre-ARP, Medicaid programs covered pregnant women for 60 days after delivery
- The ARP will allow states to expand postpartum coverage to one-year (Sec. 9812).
- The option is available to states for 5 years.

Other Medicaid Provisions

- Allows states to use Medicaid to pay for COVID vaccines and treatment for the uninsured for the duration of the public health emergency, and requires states to provide COVID services to Medicaid recipients with no cost sharing (Sec. 9811).
- Increases the FMAP rate by 10 percentage points for home-and community-based services. Must be used to expand, not supplant, services. (Sec. 9817)
- Expands the ability of states to obtain larger rebates from drug manufacturers (to offset the differences between price increases and inflation) (Sec. 9816)
- Gives states the option to provide community-based crisis intervention to people experiencing mental health or substance use disorder problems with 85% FMAP for first three years (Sec. 9813)

Other COVID Testing, Treatment, Vaccine, Contact Tracing Health Provisions

- $7.6B in flexible emergency funding to FQHCs (Sec. 2601)
- $7.6B to HHS to expand the public health workforce (Sec. 2501)
- $47.8B to HHS to expand testing, contact tracing and surveillance (Sec. 2401)
- $7.5B to CDC for vaccine administration and distribution (Sec. 2301), $1B for vaccine confidence (2302), $6.1B for research, development of vaccines and therapeutics (Sec. 2303)
- $750M to CDC for emerging infectious diseases globally (Sec. 2403)

Rural Health Provisions

- $500M for emergency grants for rural health development (Sec. 1002)
- $8.5B for funding to rural Medicaid or Medicare providers related to COVID-19 (Sec. 9911)
Mental Health Related Provisions

• $3.0 B for mental health and substance abuse block grants ($1.5B each) (Sec. 2701-02)
• $80M for mental health and substance use disorder training for health care professionals, paraprofessionals, and public safety officers (Sec. 2703)
• $100M for behavioral health workforce education and training (Sec. 2711)
• $420M for grants to Certified Community Behavioral health Clinics (Sec. 2713)
• $190M for other mental health and substance use disorder purposes, including youth suicide prevention, local mental health or substance use disorder treatment, outreach campaign to encourage health professionals to seek treatment (Secs. 2704-2710)

Other Health Provisions

• $800M for National Health Service Corp, $200M for Nurse Corp, and $330M for Teaching Health Center Medical Education program (Sec. 2602-2604)

• $150M in expanded Maternal, Infant, Early Childhood Home Visiting program (Sec. 9101)

• $450M for support for COVID-19 infection control and special strike teams for nursing facilities (Sec. 9401, 9402)

Other Recent Biden Administration Health Related Changes (outside of ARP)

- Special Marketplace enrollment period: Feb. 15 - **August 15**
  - More than 206,000 consumers selected a plan in the federal Marketplaces in first two weeks.
- $2.3M in additional funding for navigators (with additional funding opportunities to follow)
- Committed to spend $50M in outreach and education
- Vaccine distribution to 950 FQHCs

Supreme Court Litigation Updates

- The Biden Administration filed two motions in the US Supreme Court in health-related litigation
  - Reversed the Trump Administration position and asked the Supreme Court to uphold the Affordable Care Act (in *California v. Texas*)
  - Asked the Supreme Court to put the Medicaid work requirement case on hold as the Administration goes through administrative processes to reverse the waivers
    - Supreme Court agreed to remove the case from the docket on March 11 (*Cochran v. Gresham* and *Arkansas v. Gresham*) to allow the Administration to file a brief; it can still be argued in the April docket.

Romoser J. Court nixes upcoming argument on Medicaid work requirements. SCOTUSblog. March 11, 2021.
Questions?
Resources

- American Rescue Plan Act: [https://www.congress.gov/117/bills/hr1319/BILLS-117hr1319enr.pdf](https://www.congress.gov/117/bills/hr1319/BILLS-117hr1319enr.pdf)
- **American Rescue Plan will Help Millions and Bolster the Economy**. Center for Budget and Policy Priorities
Resources

• Johnson N, et. al. American Rescue Plan Act Includes Much-Needed K-12 Funding. CBPPP. March 15, 2021
Resources

Resources

- Rudowitz R, et. al. *New Incentives for States to Adopt the ACA Medicaid Expansion: Implications for Spending*. KFF. Feb. 18, 2021


Other Slides
## Sliding Scale Subsidies (Pre ARP)

<table>
<thead>
<tr>
<th>Individual or family income</th>
<th>Maximum premiums (% family income)*</th>
<th>Out-of-pocket cost sharing:**</th>
<th>Out-of-pocket cost sharing limits (2021)**</th>
</tr>
</thead>
<tbody>
<tr>
<td>100–133% FPL</td>
<td>2.07% of income</td>
<td>6%</td>
<td>$2,850 (ind)/$5,700 (more than one person)</td>
</tr>
<tr>
<td>133–150% FPL</td>
<td>3.10–4.14%</td>
<td>6%</td>
<td>$2,850/$5,700</td>
</tr>
<tr>
<td>150–200% FPL</td>
<td>4.14–6.52%</td>
<td>13%</td>
<td>$2,850/$5,700</td>
</tr>
<tr>
<td>200–250% FPL</td>
<td>6.52–8.33%</td>
<td>27%</td>
<td>$6,800/$13,600</td>
</tr>
<tr>
<td>250–300% FPL</td>
<td>8.33–9.83%</td>
<td>30%</td>
<td>$8,550/$17,100</td>
</tr>
<tr>
<td>300–400% FPL</td>
<td>9.83%</td>
<td>30%</td>
<td>$8,550/$17,100</td>
</tr>
<tr>
<td>400% + FPL</td>
<td>No limit</td>
<td>30%</td>
<td>$8,550/$17,100</td>
</tr>
</tbody>
</table>

*Subsidies tied to the second lowest cost silver plan in the market. **Out-of-pocket cost sharing includes deductibles, coinsurance, and copays, but does not include premiums, noncovered services, or services obtained out of network. Only applies if person purchases silver plan.
Economic Impacts of COVID Affected Groups Differently

<table>
<thead>
<tr>
<th></th>
<th>Lost job or income during pandemic</th>
<th>Had trouble paying bills</th>
<th>Gotten food from a food bank/organ.</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Adults</td>
<td>42%</td>
<td>25%</td>
<td>17%</td>
</tr>
<tr>
<td>White</td>
<td>38%</td>
<td>18%</td>
<td>11%</td>
</tr>
<tr>
<td>Black</td>
<td>43%</td>
<td>43%</td>
<td>33%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>53%</td>
<td>37%</td>
<td>30%</td>
</tr>
<tr>
<td>Asian*</td>
<td>47%</td>
<td>23%</td>
<td>14%</td>
</tr>
<tr>
<td>Upper Income</td>
<td>32%</td>
<td>16%</td>
<td>1%</td>
</tr>
<tr>
<td>Lower income</td>
<td>47%</td>
<td>44%</td>
<td>46%</td>
</tr>
</tbody>
</table>


* Asians interviewed in English only.
Provisions Affecting Social Determinants of Health: Income Support

- Stimulus checks of $1,400 per person for individuals earning ≤ $75,000 or couples earning ≤ $150,000 (Sec. 9601).
  - Phases out at $80,000/$160,000.
- Extends $300 weekly federal unemployment benefits through Sept. 6 and excludes $10,000 in unemployment benefits from taxes (Sec. 9011-18)

Income Support

• Refundable advanceable child care tax credits (2021) (Sec. 9611):
  • $3,600 for children <age 6, and $3,000 for children ages 6-17.
  • Only lasts for one year, and is phased down for individuals/couples earning over $75,000/$150,000.
  • Estimated to lift 4.1M children out of poverty
  • 2.1M NC children <18 (92%) likely to benefit; 307K lifted above or closer to FPL.

• Raises the maximum Earned Income Tax Credit (EITC) from $530 to $1,500 (2021) (Sec. 9621-26):
  • Raises income cap from $16,000 to $21,000 and makes more people without children eligible (including younger adults 19-24 who aren’t full time students, and people 65 and older)
  • 601K in NC will benefit (361K whites, 173K Blacks, 34K Latinx, 12K Asian, 21K Other

Income Support

• An increase in the dependent care tax credits (2021) (Sec. 9631-32)
• Funding to continue refundable tax credits to employers and self-employed individuals to provide paid-sick leave and family and medical leave (continues provisions in Families First through Sept. 30) (Sec. 9641-9643, 9651)
Food Support

• $12B to support food programs, including SNAP benefits, WIC, and providing extra SNAP benefits to cover the value of missed school meals due to COVID

Children in Households of Color Likelier to Experience Food Insufficiency During Pandemic

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
<td>16%</td>
</tr>
<tr>
<td>Black, not Latino</td>
<td>28%</td>
</tr>
<tr>
<td>Latino (any race)</td>
<td>23%</td>
</tr>
<tr>
<td>Other/multiracial, not Latino</td>
<td>18%</td>
</tr>
<tr>
<td>Asian, not Latino</td>
<td>14%</td>
</tr>
<tr>
<td>White, not Latino</td>
<td>10%</td>
</tr>
</tbody>
</table>

Note: These estimates are approximations; the Pulse Survey was designed to provide data on adult well-being, not precise counts of children. Race/ethnicity designation is based on that of the parent. Other/Multiracial not Latino = people identifying as American Indian, Alaska Native, Native Hawaiian or Pacific Islander, or more than one race. Percentages are based on reporting distributions and do not include the populations that did not respond to the question.

Source: CBPP analysis of Census Bureau Household Pulse Survey tables for February 3-15, 2021

Food Support

• SNAP: Continues the 15% increase in SNAP benefits through September (was-to expire in June) (Sec. 1101)
  • 1,430,000 million North Carolinians will benefit from SNAP extension with average monthly benefit increase of $28. The three month extension will bring in $119M in federal SNAP funds to the state.

• $5B for pandemic-EBT funds for children who miss school meals (sec. 1108)

• $37M to the Commodity Supplemental Food program for low-income seniors (Sec. 1104)

• $880M for WIC modernization and to boost WIC benefits by $35/mo. for four months (Sec. 1105-6)
Education Provisions

• ~$123B to help open K-12 schools. Money can be used for infrastructure (ventilation), reduced class sizes, PPE (in addition to $13.2B in CARES Act, and $54B in Dec. stimulus package) (Sec. 2001, 2004)
  • At least 20% of the funds must be used to address learning loss, and maintenance of equity provisions to protect high poverty schools from disproportionate. cuts.

• $39B for higher education (can be used to help students during pandemic) (Sec. 2003)

• $3B in funding for the Individuals with Disabilities Education Act (Sec. 2014)

• $15B for Child Care and Development Block Grant (Sec. 2201), $24B for child care stabilization (Sec. 2202), and $1B for Head Start (Sec. 2203)

• Any student loan forgiveness between Dec. 31, 2020-Jan. 1, 2026 will be tax-free (rather than having to pay taxes) (Sec. 9675)

Housing/Homelessness

• $21.6B in emergency rental assistance and $10B in homeowner relief (supplements the $25B in the December stimulus package)(Sec. 3201, 3206)

• $5B for Housing Choice vouchers to help renters at greatest risk of homelessness (Sec. 3202)

• $5B for homelessness assistance through HOME Investment Partnership programs (Sec. 3205)

• $100M for rural housing (Sec. 3203)

• $100M for housing counseling (Sec. 3204)

Nearly 1 in 5 Renters Not Caught Up on Rent During Pandemic, With Renters of Color Facing Greatest Hardship
Share of adult renters saying their household is not caught up on rent

- All adults: 19%
- Black, not Latino: 33%
- Other/Multiracial, not Latino: 22%
- Latino (any race): 20%
- Asian, not Latino: 16%
- White, not Latino: 13%

Note: Other/Multiracial, not Latino = people identifying as American Indian, Alaska Native, Native Hawaiian or Pacific Islander, or more than one race. Chart excludes renters who did not respond to the question.
Source: CBPP analysis of Census Bureau Household Pulse Survey tables for February 17 - March 1, 2021
Other Support Targeted to Low Income Families

• $4.5B for the low income energy assistance program (LIHEAP) (Sec. 2911)
• $1.4B for programs to older Americans (Sec. 2921)
• $7.2B for emergency connectivity for eligible schools or libraries (Sec. 7402)
Violence Prevention

• $450M for the Family Violence Prevention and Services Act (Sec. 2204)
• $250M for Child Abuse Prevention and Treatment programs (Sec. 2205)