

The American Rescue Plan

What You Need to Know!



The Biden-Harris Administration has recently passed the American Rescue Plan, so what does that mean for the insurance agent and the insurance industry as a whole? There are several attractive pieces to this law that could pay significant dividends to the American public. The goal was to reduce health care costs, expand coverage and ensure everyone who buys their insurance through a Marketplace can receive a tax credit to reduce their premiums.

The Biden-Harris administration started with making a Special Enrollment Period through the Federal Marketplace from February 15th to May 15th for people who needed health care coverage during the pandemic. This has shown to be successful as more than 200,000 people signed up in the first two weeks, which marked a three-fold increase year-over-year. Now, because of the American Rescue Plan (ARP) passing, more than 14 million people who currently lack health coverage and many current enrollees will receive additional financial support to meet their needs. Other changes brought about by the ARP include the following:

- Premiums on average will decrease by an average of \$50 per person per month and \$85 per policy per month due to advanced payment of increased tax credits. Four out of five enrollees will be able to find a plan for \$10 or less per month after tax credits (up from 69% pre-ARP), and over 50% will be able to find a Silver plan for \$10 or less per month (up from 14%).
- The goal is to make it easier for consumers to get healthcare, and starting on April 1st; consumers will be able to take advantage of increased subsidies or premium tax credits when they enroll through Healthcare.gov.
- One out of every four enrollees on Healthcare.gov will be able to upgrade to a higher plan category that offers better out-of-pocket costs at the same rate or lower compared to what they are paying now.

Much of this is accomplished by the change that premiums cannot be more than 8.5% of your household income. So folks who were paying very high premiums because their income level was more than 400% of the FPL did not qualify for a substantial subsidy will now have the benefit of not paying more than 8.5% of their household income. In some cases, consumers can save well over a thousand dollars per month. An estimated 3.6 million uninsured people will now

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be newly eligible for savings. 1.8 million are estimated to be eligible for zero dollar plans since individuals below 150% of the federal poverty line will now qualify for 100% subsidy. 9.5 million people between the 150% and 400% of the federal poverty line are projected to be eligible for additional financial support to help reduce premium costs through the ARP.

The Biden-Harris Administration is also further expanding access to mental health services and community-based programs that address social determinants of health.

See the full [American Rescue Plan Health Coverage Fact sheet](#) for more details

What do you need to know to help your clients?

Many people will qualify for increased tax credits under the new law and reduced premium responsibility starting April 1st, 2021. On this date, HealthCare.gov will release the updated tax credits, and anyone that signs up for a plan after that point will receive the updated credits for 2021 coverage.

Current enrollees will need to update their applications and enrollments to get their new eligibility results starting April 1st. You will need to reselect your current plan for the changes to take effect for the remainder of the year. Due to the SEP available through May 15th, enrollees may choose to change to a new plan or metal level. You should consider what you have already paid toward your current plans' deductible and out-of-pocket maximums before making any changes. The amount you have already paid may be reset to zero, and you would need to start over on your new plan.

Current enrollees that enrolled before April 1st have the option to wait until they file their taxes next year to reconcile the additional premium tax credits they are owed. CMS is recommending that all enrollees update their application and review their plan options.

If your client is already paying low or no premium, they should consider checking their options.

They may find that they have access to plans with lower out-of-pocket costs and more generous cost-sharing levels.

For more direction from CMS, see the [fact sheet](#) they have released.