

FAQ: Changes to the Marketplace in the American Rescue Plan

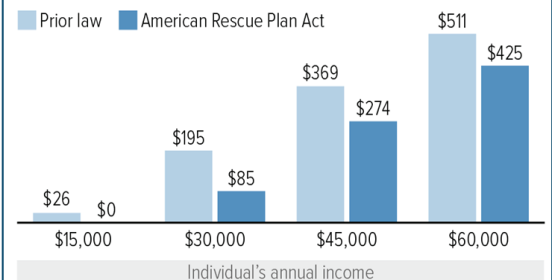
The American Rescue Plan significantly decreases premiums and makes new people eligible for financial help. It also provides relief from 2020 premium tax credit repayment. These changes impact HealthCare.gov and all state-based marketplaces, though the time to enroll and implementation may vary.

How does the American Rescue Plan impact premiums?

- 1. Even lower premiums for people who were previously eligible for financial help.** The law lowers health insurance premiums by increasing the advance premium tax credit (APTC) for coverage at HealthCare.gov or your state-based marketplace. Premiums are reduced across the board for people with income under 400% of the federal poverty line (FPL). Anyone whose income is at or below 150% FPL (about \$19,000 for a single person) can enroll in a zero-premium benchmark (second-lowest cost silver) plan, after APTC. Added benefit: higher APTCs may help some enrollees buy a silver or gold plan with lower cost-sharing.
- 2. New financial help for higher-income people.** People with income over 400% FPL (about \$51,000 for a single person) are newly eligible for an APTC. The maximum any enrollee will pay for a benchmark plan is 8.5 percent of their income. (For 2021 and 2022)
- 3. Lower premium for people who are unemployed.** When determining eligibility for financial help, the marketplace will consider people who receive unemployment benefits at any point in 2021 (including those in the Medicaid coverage gap) to be eligible for a zero-premium benchmark plan and reduced cost-sharing. This will be implemented at HealthCare.gov in early July. (For 2021 only)

The American Rescue Plan Act Will Make Marketplace Coverage More Affordable

Monthly premium for benchmark marketplace coverage for a 45-year-old, based on national average premium



Note: These premiums are applicable in all states except for those with different poverty level standards than the national standard (Alaska and Hawaii) and those states that subsidize marketplace premiums beyond the federal subsidy (California, Massachusetts, New York, and Vermont).

Source: CBPP calculations based on American Rescue Plan Act

How does the American Rescue Plan affect 2020 APTC repayment?

- 1. Repayment forgiveness.** People who owe back some or all of their 2020 APTC will not have to repay the tax credit. People who received less APTC in 2020 than they were eligible for will get money back.
- 2. Disregard of \$10,200 in UI from income.** Any taxpayer who received unemployment benefits in 2020 can subtract the first \$10,200 in benefits from their taxable income. This will lower income and raise the amount of premium tax credit people are eligible for.

Questions? Email us at beyondthebasics@cbpp.org