FAQ: Changes to the Marketplace in the American Rescue Plan

The American Rescue Plan is a new law to address the COVID-19 public health and economic crisis. It makes significant improvements to the availability and size of premium tax credits, as well as providing relief from 2020 premium tax credit repayment. These changes impact HealthCare.gov and all state-based marketplaces.

How does the American Rescue Plan impact premiums?

1. **Lower premiums for people who are currently eligible for APTCs**. The percentage of income an enrollee pays toward their premium (expected premium contribution) is reduced across the board for people with income under 400 percent of the federal poverty line (FPL). That means higher advance premium tax credits (APTCs).

   Anyone whose income is at or below 150 percent of FPL can enroll in a zero-premium benchmark (second-lowest cost silver) plan, after APTC. The maximum premium an enrollee would pay is 8.5 percent of income, instead of 9.83 percent under prior law. (For 2021 and 2022)

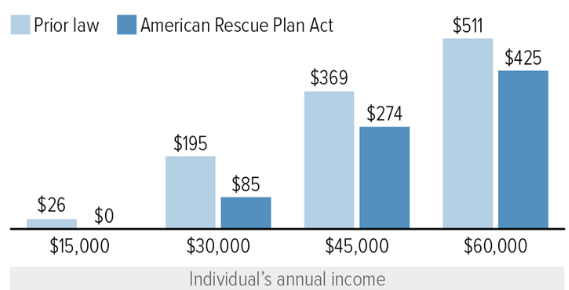
   Added benefit: higher APTCs may help some enrollees buy a silver or gold plan with lower cost-sharing.

2. **New APTC eligibility for higher-income people.** People with income over 400 percent of FPL are newly eligible for APTC. The maximum any enrollee will pay for a benchmark plan is 8.5 percent of their income. (For 2021 and 2022)

3. **Additional premium help for people who are unemployed.** When determining APTC eligibility, the marketplace will consider people who receive unemployment benefits at any point in 2021 (including those in the Medicaid coverage gap) to have income at 133 percent of FPL, regardless of their actual annual income. This means they'll be eligible for a zero-premium benchmark plan, after APTC, and for reduced cost-sharing. Income will be deemed to be 133 percent of FPL for the entire year and at reconciliation. (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 Hawai'i) 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 a smaller premium tax credit in 2020 than they were eligible for will still 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, including for the calculation of the premium tax credit.

Questions? Email us at beyondthebasics@cbpp.org.