

Summary

While the Affordable Care Act (ACA) opened the door to health coverage for millions of people – many for the first time – it was only a first step to advancing a more equitable health care system. Unaffordable coverage and care remain a [widespread problem](#), continuing to disproportionately affect low-income people, especially people of color. Our country's reliance on tax-subsidized employer-sponsored insurance and our history of race-based employment discrimination, mean these groups are particularly likely to lack affordable coverage or be exposed to crippling medical debt.

The economic effects of the pandemic, especially widespread unemployment and financial insecurity, will seriously impact people's ability to pay for insurance. The essential workers of this pandemic, who are often people of color or immigrants, are disproportionately likely to struggle with affording health care coverage and insurance in their moment of need.

The passage of the American Rescue Plan Act (ARPA) takes us in the right direction. It provides two years of enhanced premium subsidies, making coverage more affordable for millions. Since passage, thousands have taken advantage of the new subsidies and enrolled in Marketplace coverage. The ARPA enhancements are critical to help individuals and families' secure health access during the pandemic and are a needed correction to the ACA subsidy scale and must be made permanent. The ARPA provisions are a strong step forward but more can be done on premium affordability, most notably reducing cost sharing. Congress has the opportunity to do both – make the premium subsidies permanent and reduce cost-sharing, making coverage affordable for millions of people.

The Problem

Health care and coverage was unaffordable for millions even before the COVID-19 pandemic, with many facing [underinsurance](#), [forgoing insurance](#) if the premiums and deductibles were too high, [avoiding or delaying care](#) due to costs, or sacrificing other life necessities. And essential workers – those on the front lines risking their health – are among those in this country most likely to struggle with affording health care coverage and insurance. A snapshot of essential workers, including [long term care workers](#), [grocery workers](#), [retail employees and cashiers](#), and [building cleaners, janitors, and groundskeepers](#) demonstrates that they face low wages, high rates of uninsurance, and are likely to be people of color and immigrants. It is, by far, the most serious health care problem people face. According to a [Commonwealth Fund Biennial Survey](#)

[in 2020](#), when asked what is the main reason you did not buy a health plan, 71 percent of people responded: “the plan was too expensive.”

The Solution

Congress has taken steps in the right direction. The [American Rescue Plan Act](#) (ARPA) includes some provisions to address the problem of affordability of health coverage for consumers. In particular, ARPA makes significant improvements to the ACA affordability schedule and offers an important roadmap to increasing affordability, recognizing that more should be done. The ARPA provisions increases and smooth out subsidies for consumers earning 150-400 percent of the federal poverty level (FPL), lifts the cap for those earning above 400 percent FPL and sets premium at \$0 for people at or below 150 percent FPL. According to a [recent analysis](#) of unemployment data, almost [8 million](#) people lost their employer-sponsored coverage as a result of the COVID-19 recession. The additional assistance in ARPA makes coverage much more affordable for these people and enhance their economic security at a time of distress.

While the American Rescue Plan Act does not solve all dimensions of affordability, it does move us closer to affordable health care coverage. More than [528,000 consumers](#) newly selected a plan as of March 31—these numbers will continue to grow as a result of the special enrollment period (SEP) launched by the Biden administration. It will be critical to make these adjustments to the subsidy scale permanent and support enrollees. Importantly, it is a reminder that without action, health insurance coverage will remain out of the reach of [many across the country](#) if they are also to afford the minimal other essentials necessary to live. Ensuring that the ARPA premium subsidies are made permanent, however, is insufficient. Barriers remain for individuals and families in accessing the care they need.

Additional Steps Must Be Taken to Reduce Out-of-Pocket Costs

While the ARPA provisions bring down premiums for all consumers through more generous subsidies, cost-sharing remains a barrier to accessing health services, particularly for low- and moderate-income people. Deductibles for Marketplace plans are very high: the [medians](#) for bronze, silver, and gold plans in 2021 are \$6,921, \$4,816, and \$1,641, respectively.

Congress must use this moment to also address cost-sharing as a corollary policy to the enhanced premium subsidies. The ACA provides people with incomes between 100 percent and 250 percent FPL access to cost-sharing subsidies when they enroll in silver-level plans. The

cost-sharing subsidy is designed to increase the value of the selected plan. The subsidies increase the actuarial value (AV) of the silver plan and lower a consumer's out-of-pocket costs (deductible, out-of-pocket limit, inpatient visit, etc.). However, many people forgo these costsharing subsidies and select bronze plans that have high out-of-pocket costs but lower premiums.

Congress can begin to address the problem of high out-of-pocket costs by benchmarking federal subsidies to the "gold" metal level instead of the silver tier as originally designed in the Affordable Care Act (ACA). By benchmarking plans to a "gold" level plan, the value of plans would increase in a meaningful way (80% versus the current 70% for silver). This would help all consumers by increasing the value of their coverage.

However, this does not address the needs of lower-income people or [older, moderate-income consumers](#); Congress must offer deeper cost-sharing subsidies for individuals below 250 percent FPL and expand cost-sharing subsidies for people earning up to 400 percent FPL. Together, a gold benchmark and enhanced cost-sharing subsidies would help low-income people essentially access platinum level plans (90 percent actuarial value), making the cost of care much more accessible. For those with incomes above 250 percent FPL, a gold benchmark would improve their access to affordable coverage by reducing their average deductible by almost two thirds (from \$4,816 to \$1,641 on average). Combining this new gold benchmark with expanded cost-sharing subsidies will be essential to improving affordability and reducing underinsurance.

In sum, going forward Congress should:

- **Make the ARPA provisions permanent including 1) enhanced premium subsidies along a progressive sliding scale; 2) no premiums under 150 percent FPL and 3) caps premium contributions to 8.5 percent of income.**
- **Address cost-sharing for Marketplace plans by benchmarking premium subsidies to "gold", providing additional cost-sharing subsidies to consumers with income below 250 percent FPL, and extending current cost-sharing subsidies to consumers with income up to 400 percent FPL.**

Go Deeper

- [Improving Health Insurance Affordability Act](#)
- [Health Care Affordability and COVID-19](#), May 2020 Policy Brief
- [Getting Premium Affordability Right in the ACA](#), February 2021 Blog

Contact

Michael Miller, Director of Strategic Policy, Community Catalyst, mmiller@communitycatalyst.org

Eva Marie Stahl, Director of Policy and Partnerships, Community Catalyst emstahl@communitycatalyst.org