

Average Consumer in the US Will See Higher Marketplace Premiums in 2023 Without the Extension of ARPA Subsidies

On March 11, 2021, President Biden signed the American Rescue Plan Act (ARPA) of 2021. ARPA temporarily enhances and expands eligibility for the Affordable Care Act (ACA) premium subsidies for 2021 and 2022 by providing:

- Low-income individuals with incomes up to 150% of the federal poverty level (FPL) who are not eligible for Medicaid access to \$0 premiums.
- Individuals with incomes between 150% and 400% FPL enhanced generosity of premium subsidies.
- Individuals with incomes above 400% access to expanded eligibility for premium subsidies.

Since enactment of ARPA subsidies, Marketplace enrollment hit an all-time high of 14.5 million people nationwide. Enhanced subsidies make premiums more affordable, including increasing access to \$0 premium plans and low-cost plans with premiums less than \$50 per month.¹

ARPA tax credit enhancements are set to expire on December 31, 2022. Congress should adopt ARPA tax credits permanently to provide certainty to millions of Americans. In the absence of Congressional action, millions of Americans will be faced with increased premiums in Fall 2022 during open enrollment.

Americans continue to encounter pandemic-related financial strain and now face record inflation, with higher prices on essential household like gas and groceries. Extending ARPA subsidies will mean low- and middle-income families don't have to worry about spending more of their household budget on health care.

To measure the impact, AHIP commissioned Avalere Health to estimate out-of-pocket premiums for the average American in 2023 with and without ARPA premium tax credit enhancements. **Thousands of consumers will face higher health care premiums if these enhanced tax credits are not made permanent.**







1 Avalere Health. "Measuring Scope of COVID-19 Relief Coverage Expansion Provisions." Available [here](#).

2 Note that all consumer scenarios were non-smokers and were assumed to be enrolled on the second-lowest cost silver plan.

3 Centers for Medicare and Medicaid Services. 2022 Open Enrollment Report. March 23, 2022. Available [here](#).

4 Assistant Secretary for Planning and Evaluation. Projected Coverage and Subsidy Impacts if the American Rescue Plan's Marketplace Provisions Sunset in 2023. March 23, 2022. Available [here](#).

Consumer Scenarios: Increases in Monthly and Annual Out-of-Pocket Premiums if ARPA Lapses

27-Year-Old Individual	 \$66 Per Month	 \$795 Per Year
46-Year-Old Individual	 \$109 Per Month	 \$1,304 Per Year
55-Year-Old Couple	 \$761 Per Month	 \$9,130 Per Year

The analysis focuses on 3 typical Americans²:

1. 27-year-old individual earning \$19,191 per year (149% FPL)
2. 46-year-old individual earning \$41,860 per year (325% FPL)
3. 55-year-old couple earning \$70,551 per year (405% FPL)

These Americans would face annual premiums that are hundreds of dollars higher if these tax credit enhancements are not made permanent.

Broader Impact to Americans

Over 14.5 million Americans made a plan selection for marketplace coverage during the 2022 annual open enrollment period, a 21% increase over the 2021 open enrollment period.³ If ARPA subsidies expire at the end of 2022, experts say⁴:

- 2,954,000 Americans would become uninsured.
- 1,529,000 Americans would lose all subsidy eligibility to lower premiums but remain insured.
- 8,865,000 would remain enrolled in marketplace coverage with reduced premiums subsidies and owe more premium out-of-pocket.

Americans need Congress to take action now. Making ARPA tax credits permanent will make health care more affordable and accessible for hardworking families.