

Health Insurance Coverage Update: Impact of ARPA Subsidies

July 2022

OVERVIEW

Millions of New Yorkers have benefitted from access to affordable Marketplace health insurance coverage since March 2020 thanks to flexibilities permitted during the COVID-19 Public Health Emergency (PHE) as well as enhanced tax credits available under the American Rescue Plan Act of 2021 (ARPA) that are set to expire in 2022, absent congressional action to extend them. These policies ensure that consumers have the security of affordable, comprehensive health coverage during the uncertain time of unemployment/loss of income, assuring access to health care when it is needed most. A successful transition from the PHE should include the extension of the ARPA subsidies, thereby smoothing the affordability “cliff” for individuals moving from premium-free Medicaid or Essential Plan coverage to a Qualified Health Plan (QHP) with monthly premiums and cost sharing arrangements. Without these enhanced subsidies, New York’s uninsured rate is expected to rise, reversing progress made since the start of the pandemic.

As of the end of May 2022, NY State of Health enrollment stands at nearly 6.6 million individuals, or one in three New Yorkers across the state. Throughout the COVID-19 Public Health Emergency, the NY State of Health Marketplace has served as a critical safety net for individuals and families who have lost their jobs and/or income, providing coverage to an additional 1.7 million people between March 2020 and May 2022. Recognizing the need to ensure individuals could easily maintain their coverage during the pandemic, NY State of Health (NYSOH) adopted every option made available by the federal government to eliminate barriers to coverage, including the expedited implementation of the American Rescue Plan Act of 2021 (ARPA) provisions to make commercial, Qualified Health Plan (QHP) coverage more affordable. NYSOH has also been extending coverage without requiring renewal for individuals enrolled in Medicaid, Child Health Plus (CHP), and the Essential Plan throughout the COVID-19 Public Health Emergency.

Enhanced financial assistance under ARPA is set to expire at the end of 2022. If Congress does not extend these credits, New Yorkers who receive financial assistance will see an estimated **58 percent** increase in premiums after tax credits. Given that the COVID-19 public health emergency is still in effect, the importance of having access to and maintaining health coverage as the gateway to accessing health care has never had such global significance. Once the COVID-19 Public Health Emergency ends, NY State of Health will redetermine eligibility for over 6 million Medicaid, CHP, and Essential Plan enrollees and, if their program eligibility changes, seek to transition them to other marketplace coverage. Those who are determined to be eligible for a QHP with financial assistance will be less likely to enroll without the ARPA subsidies due to high costs.

Program Type	March 2020 Enrollment	May 2022 Enrollment
Medicaid	3,387,348	4,995,405
Child Health Plus (CHP)	456,214	384,665
Qualified Health Plan (QHP)	265,071	225,726
Essential Plan	792,935	986,054
Total	4,901,568	6,591,850

Increasing Affordability of Commercial Coverage

Qualified Health Plans with financial assistance are available for individuals who earn too much to be eligible for Essential Plan coverage, and who do not have access to other affordable health insurance that meets minimum standards. Assistance is available in two forms depending on an individual or family's income: premium tax credits (PTC) that reduce the cost of monthly premiums and cost-sharing reductions (CSR) that lower co-payments, deductibles, and maximum out-of-pocket costs.

Under the ARPA, existing enrollees with low and moderate incomes (income up to \$51,520 for an individual and \$106,000 for a family of four) who were previously eligible for tax credits became eligible for much larger tax credits. The amount of these tax credits depends on an individual's income and location. For example, an individual with income of \$35,000 per year in New York City was eligible for a tax credit of \$356 per month, or \$4,272 per year, and with ARPA enhanced subsidies is eligible for \$476 per month, or \$5,712 per year.

In addition, ARPA made higher income New Yorkers eligible for APTC for the first time ever. Before ARPA, tax credits were not available to consumers earning more than \$51,520 for an individual and \$106,000 for a family of four. Through ARPA, higher income individuals and families were made eligible for the tax credits. The law is designed so that no one will pay more than 8.5 percent of their income toward the benchmark plan

available in their county. For example, an individual in Kings County (Brooklyn) earning \$55,000 per year who was not previously eligible for tax credits, now receives \$228 per month, or \$2,736 per year, to help pay for health insurance. While there is technically no income limit to the ARPA tax credits, these subsidies phase out naturally as the total cost of premium equals or exceeds 8.5 percent of income. In New York, the income level in which ARPA subsidies phase out is between 500 and 800 percent FPL (varies by county).

Statewide, here are the numbers:

6.6 million

New Yorkers enrolled in free or low-cost coverage through NY State of Health, who could become uninsured when the PHE winddown occurs

New Yorkers who are benefitting from enhanced ARPA tax credits, whose premiums will go up if these savings are not extended. **139,559**

\$1,453 Average annual amount New Yorkers could lose when ARPA subsidies expire.

The percentage by which premiums will increase for tax credit eligible consumers when they come back to enroll in Fall 2022, if ARPA savings expire. **58%**

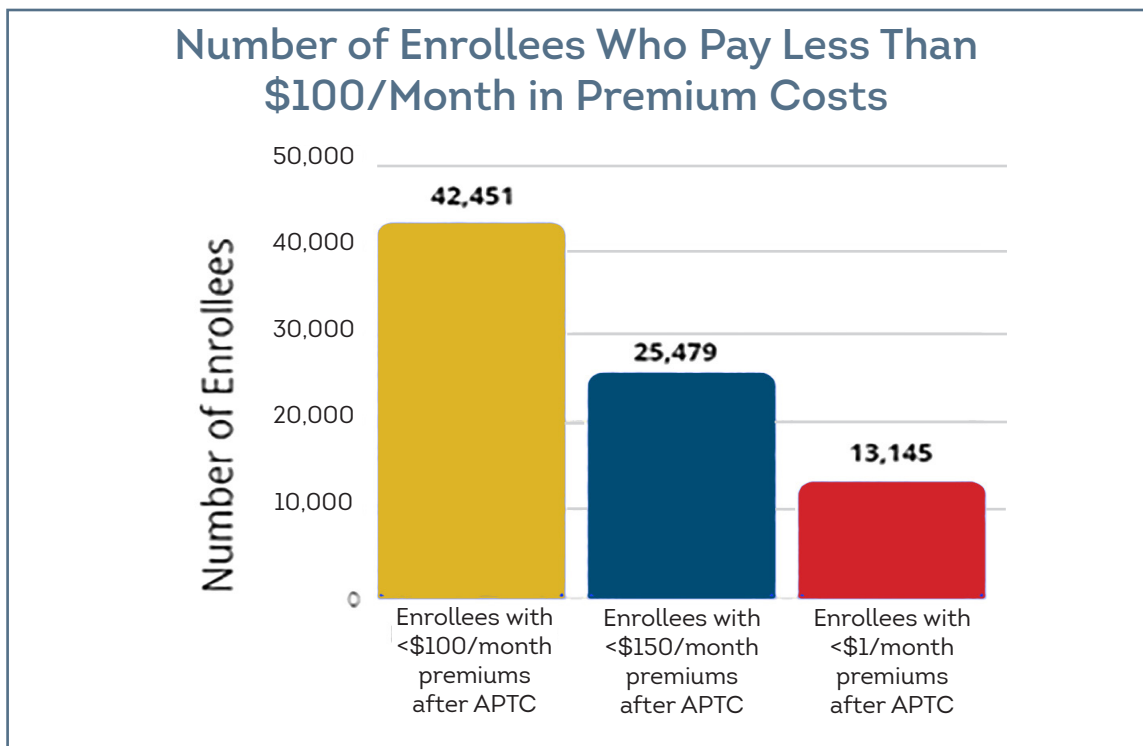
Here are additional examples of the impact of ARPA on individuals across the state:

Estimated Monthly Tax Credits and Amount You Pay for the Lowest Cost Silver Plan, by Income and County, 2022

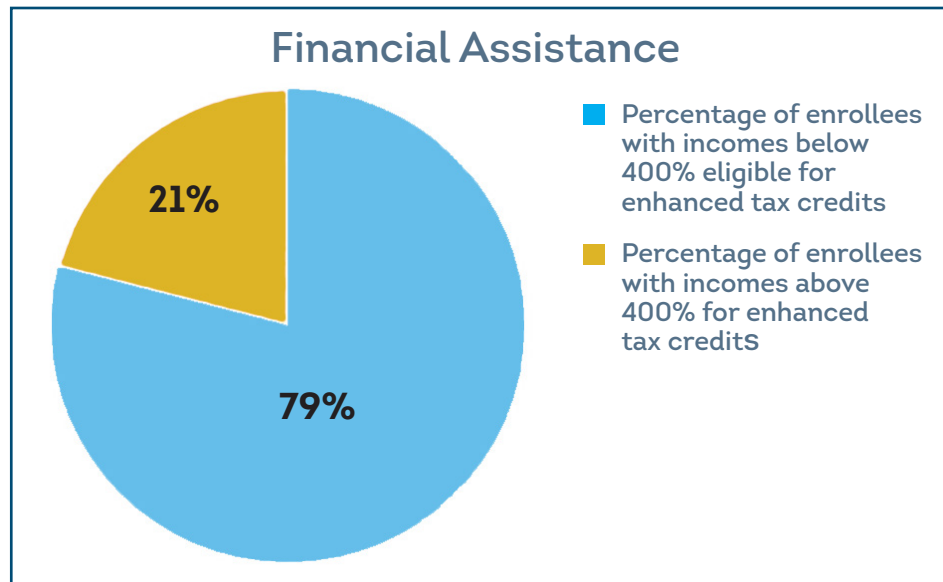
Annual Income & County	Affordable Care Act		American Rescue Plan	
	Tax Credit	Amount You Pay for Lowest Cost Silver Plan	Tax Credit	Amount You Pay for Lowest Cost Silver Plan
\$ 30,000 per year in Erie County	\$280	\$152	\$390	\$42
\$ 40,000 per year in Dutchess County	\$290	\$329	\$409	\$210
\$ 55,000 per year in Albany County	\$0	\$566	\$176	\$390
\$ 60,000 per year in New York City	\$0	\$572	\$193	\$379

(Note: The amount of tax credit an individual receives depends on their income and county. The examples above are for individuals enrolling in coverage.

In total, over 42,000 people, or nearly a fifth of QHP enrollees, in New York pay less than \$100/month in premiums.

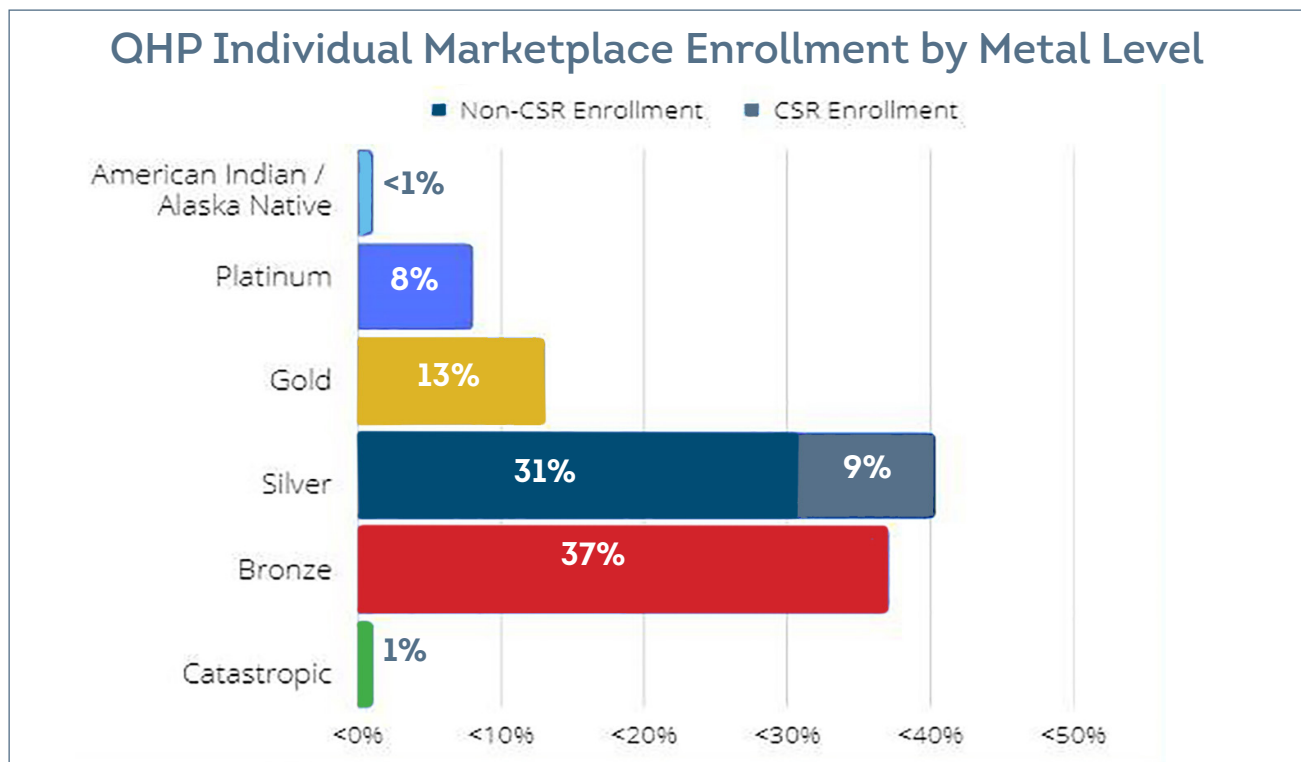


As of May 31, 2022, nearly 140,000 NYSOH QHP enrollees are eligible for the ARPA enhanced tax credits. Nearly 110,000 or 79 percent of those receiving tax credits have incomes at or below 400 percent FPL, and over 29,000 or 21 percent receiving tax credits have incomes above 400 percent FPL.



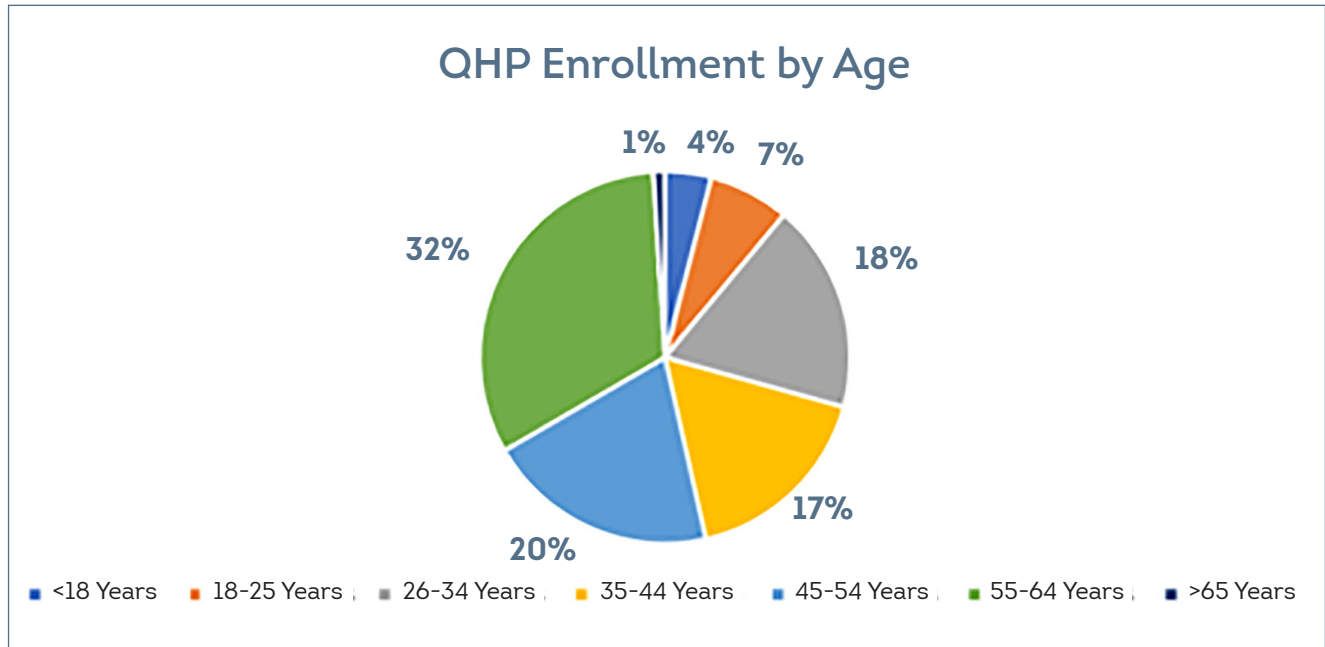
Since the new ARPA subsidies were made available, over 75,000 new members have enrolled in QHP coverage. Collectively, as a result of the ARPA provisions, QHP enrollment has reached over 225,000, as of the end of May 2022. If the ARPA subsidies are extended beyond 2022, once NY State of Health re-determines eligibility for Medicaid, CHP and Essential Plan enrollees at the end of the COVID-19 public health emergency, QHP enrollment is expected to increase above 225,000 as individuals transition from these other programs to QHPs.

Other impacts of ARPA subsidies have been consumers moving from off-Marketplace to on-Marketplace and a shift to enrollment in higher "metal level" plans. Specifically, more than 8,000 individuals have shifted from off to on-Marketplace coverage, presumably to access the enhanced federal tax credits. The share of enrollees in Silver plans increased from 37 percent to 40 percent



and the share enrolled in Bronze plans declined from 40 percent to 37 percent, suggesting that the enhanced tax credits are enabling consumers to “buy up” to more comprehensive coverage.

Sixty percent of Marketplace enrollees (Medicaid, CHP, EP and QHP) are below age 35. The age distribution varies widely by program because of different eligibility rules. As of May 31, 2022, 30 percent of QHP enrollees are age 34 or younger, with 25 percent between the ages of 18 and 34. Thirty-six percent of EP enrollees are age 34 or younger.



Essential Plan

New York’s experience with the Essential Plan demonstrates the importance of making affordable coverage available to low-income consumers. New York took steps last year to both increase the affordability and enhance the benefits for low-income New Yorkers enrolled in the Essential Plan. In June 2021, New York eliminated monthly consumer premiums and added free dental and vision benefits for individuals enrolled in the Essential Plan.

As of May 31, 2022, over 986,000 individuals were enrolled in New York’s Basic Health Program (BHP), branded in New York as the “Essential Plan.” First introduced in 2016, the Essential Plan (EP) covers individuals with lower incomes who are not eligible for Medicaid and provides comprehensive benefits, with no monthly premium, no annual deductible, free preventive care, and low copayments. Compared to a QHP,

EP by the Numbers

- \$1,600 Amount saved by enrolling in EP instead of a QHP

- \$0 Monthly premium for all EP enrollees

- 92,000 Increase in overall EP enrollment since the elimination of the \$20 monthly premium

- 97% Percent of EP eligible individuals who enroll in EP

the Essential Plan reduced both premium and out-of-pocket costs for enrollees by more than \$1,600, saving New Yorkers an estimated \$940 million a year in 2022.

Prior to June 2021, Essential Plan enrollees with incomes between 150 and 200 percent of the Federal Poverty level were subject to a \$20 monthly premium. There were over 432,000 enrollees who fell into this income category. In June of 2021, the \$20 monthly premium was eliminated. In the first year after the premium was eliminated, overall EP enrollment has increased by over 92,000; nearly 27,000 of those enrolling would have previously been responsible for a premium.

The take-up rate for EP is in part demonstrative of how critical affordability is in driving enrollment. Among individuals determined eligible for EP, take-up is 97 percent, compared with 58 percent

for consumers determined eligible for QHP. EP continues to be very popular in 2022, with over 986,000 enrollees, a 24 percent increase since March 2020.

Another impact of the ARPA subsidies expiring at the end of the year is that since Federal BHP payments to New York are equal to 95 percent of the APTC amount those members would have received, BHP payments will decline. In fact, New York is expected to receive \$600-700 million less annually in Federal BHP payments if ARPA subsidies are not extended, which will compromise opportunities to further expand affordable coverage to remaining uninsured who currently cannot afford coverage.

Medicaid

Medicaid has provided critical health coverage to more than seven million New Yorkers during the pandemic. The Federal Families First Coronavirus Response Act's (FFCRA) continuous coverage provisions have ensured that individuals eligible for Medicaid do not experience gaps in coverage during the pandemic.

New York also adopted available federal options to streamline application processes to ensure

that New Yorkers can access coverage as easily as possible during the pandemic.

As of the most recent data from April 30, 2022, 4,966,854 individuals were enrolled in Medicaid through NYSOH and 2,496,095 were enrolled with local departments of social services. Total Medicaid enrollment was 7,462,949 in April 2022, reflecting a 23 percent increase (1,373,493 members) since March 2020.

CONCLUSION

Since the onset of the pandemic in March 2020, enrollment in NY State of Health Marketplace programs has grown by 1.7 million, or nearly 34 percent. The FFCRA's continuous coverage provisions and the APRA's enhanced tax credits served their purpose of making coverage as accessible and affordable as possible during the pandemic and allowed New York to reach unprecedented levels of coverage. These provisions have also highlighted what New York and the nation can do to address the problem of uninsurance that made the pandemic response more difficult to begin with.

Extending the ARPA subsidies would go a long way in keeping millions of individuals across the country insured and allow them to seek the care they need as we continue to navigate through the pandemic. Continued ARPA subsidies will also be especially critical when the pandemic ends and 8.8 million – nearly half of New York's population – currently enrolled in Medicaid, CHP, and Essential Plan will need to be redetermined eligible for coverage, and as such, may choose not to enroll if they are no longer eligible for free or low-cost coverage. Without the extension of ARPA Savings, coverage will be at least 58 percent more expensive for QHP enrollees receiving financial assistance, and even more expensive for individuals moving from public programs to QHPs with subsidies, leading to significant increases in uninsured New Yorkers.