



Risks to the Massachusetts Health Coverage Landscape if the American Rescue Plan Act Premium Subsidy Expansion Expires at the End of 2022

Key Takeaway: Tens of thousands of low and moderate-income Massachusetts residents could expect to see significant premium increases if Congress does not act to extend American Rescue Plan Act premium subsidies. Through 2021 and 2022, the new law increased affordability for hundreds of thousands low- and moderate-income residents. Expiration of American Rescue Plan subsidies at the end of 2022 coupled with loss of Medicaid protections at the end of the federal Public Health Emergency may result in state residents dropping coverage.

- For 2021 and 2022, the American Rescue Plan expanded federal Advance Premium Tax Credit (APTC) generosity for individuals with income under 400 percent of the federal poverty level (FPL) (about \$51,000 for an individual or \$105,000 for a family of four), closely mirroring the premiums Massachusetts has provided for over a decade.
- The law also removed the “cap” on receiving APTCs for 2021 and 2022, making subsidies available to households with incomes above 400% FPL for the first time, ensuring that they do not have to spend more than 8.5% of their household income on health insurance premiums.
- There were **253,000** individuals who enrolled in Health Connector coverage during Open Enrollment for 2022 coverage including **28,000** new members.

Material savings for residents: In Massachusetts, the new and expanded subsidies have enabled state residents to save hundreds of dollars per month on high-quality, comprehensive health insurance through the Health Connector.

- The Health Connector experienced a 76% increase in the proportion of members enrolled in a health plan with APTCs, increasing from 2,600 to 4,600 new enrollees, due to enhanced and expanded access to subsidies made available by the American Rescue Plan.
- Plan costs fell by \$80 per month on average with the law’s premium assistance.
- For example, in Pittsfield, a single 40-year-old earning approximately \$52,000 would have spent approximately \$409 on their monthly premium for the lowest-cost Silver plan available to them. Due to the American Rescue Plan, this individual is now eligible for financial assistance that will lower their monthly premium to \$318, a savings of \$91 per month and \$1,092 per year.

Much needed relief for older residents: The American Rescue Plan also helps address the significant health care affordability challenges faced by older residents in the individual market.

- Before the American Rescue Plan, financial assistance was based on income alone, not how much premium costs were, leaving pre-Medicare-eligible adults who were not eligible for subsidies to pay the full commercial premium of a health plan, which could be roughly two times higher than premiums for younger adults.
- Because of the American Rescue Plan, these older residents have been saving thousands of dollars on health insurance each year. These savings are particularly pronounced in rural regions of the Commonwealth.

ARPA Impacts for 55-64-year-olds earning \$52,000/year enrolled in the lowest-cost Silver plan

	55-year-old in Chelsea	64-year-old in Pittsfield	55-year-old in Hyannis	64-year-old on Martha's Vineyard
Monthly Costs Before ARPA	\$543/month (13 percent of income)	\$694/ month (16 percent of income)	\$588/ month (14 percent of income)	\$902/ month (21 percent of income)
Monthly Costs After ARPA	\$339/month (8 percent of income)	\$283/month (7 percent of income)	\$352/month (8 percent of income)	\$268/month (6 percent of income)
Annual ARPA Savings	\$2,448	\$4,932	\$2,832	\$7,608

Significant premium increases will be apparent as soon as October 2022, with implementation timelines running out in July/August: Absent timely action from Congress, residents will begin to receive renewal notices for their insurance coverage and see their 2023 premium costs spike this fall.

- The expiration of American Rescue Plan premium affordability measures will dramatically raise premiums, disrupt markets, with *consumers feeling the impacts as soon as August, when eligibility redeterminations for 2023 will alert individuals that they will not qualify for assistance next year.*
- Current Health Connector enrollees can expect significant premiums spikes for 2023 coverage if premium supports are not extended via Congressional action. Over 200,000 enrollees from Massachusetts will see reduced or eliminated financial support without the ARPA.
- Massachusetts estimates premium spending may increase by an average of:
 - \$24 more per member per month for ConnectorCare enrollees (individuals under 300 percent of the federal poverty level – an individual earning roughly \$40,000 or a family of 4 earning roughly \$83,000)
 - \$81 more per member per month for enrollees who would have received subsidies without the ARPA
 - \$143 more per member per month for enrollees who would not have received subsidies without the ARPA

Magnitude of coverage loss risks due to reduced affordability are heightened due to pending influx of Medicaid enrollees at the end of the federal Public Health Emergency: Hundreds of thousands of Massachusetts residents will be redetermined, and may exit MassHealth (Medicaid) coverage at the end of the federal Public Health Emergency and may not be able to afford the on-exchange coverage they need to avoid uninsurance.ⁱ

- Increases in Health Connector premiums if the ARPA subsidies expire at the end of 2022 put coverage and financial protections at risk not just for current enrollees, but the millions of Americans expected to lose Medicaid coverage when the PHE ends
- Concerns about this population enrolling in health coverage and facing premium shock after having moved from no-cost coverage into Health Connector coverage will be intensified if this population is facing eroded affordability supports
- Higher costs will reduce the number of Americans that would otherwise migrate into Health Connector coverage, which could result in an increased number of individuals foregoing coverage altogether.

Residents depending on ARPA subsidies describe the relief they have enabled in their own words: In an e-mail poll distributed to members, nearly 70% reported that the premium impacts of the American Rescue Plan were very or extremely helpful to them. Many members also shared what the savings meant for them in reducing cost burdens in other aspects of their lives.

- *"I am saving a little over \$10 a month. It may not appear to be a lot to some, but to me during these difficult times every penny counts! Costs of food and other things have gone up so even if it's just \$10 saved, it's \$10 I can allocate to other things that I also need."*
- *"My payment lowered a bit -- it wasn't a lot but when you're a single mother every penny counts and it helped add more food to our weekly shopping trip that I've had to be more strict on."*
- *"The relief from some of my health insurance payment, enabled me to keep up with some other bills. That saved me from even more difficulty. We ALL were strongly affected by the many factors of the pandemic. This was one piece of my life that relieved pressure, and I am extremely grateful for that."*
- *"The American Rescue Plan helped me tremendously. I was struggling paying high rent, high insurance of \$498 a month plus dental insurance, bills, food, and personal protective equipment. I know I would not be able to pay insurance without the help of The American Rescue Plan. I thank the American Rescue for helping me. I can use the extra money for transportation back and forth to work. Thank you."*
- *"It has helped me tremendously. I have been a diabetic for 58 years and having no premium and very low cost on prescription has been huge."*
- *"I am recently unemployed, and the lower monthly premiums helped make ends meet."*
- *"Prices at the grocery store and gas stations are rising. The extra money lets me buy healthy food. Thank you."*
- *"We have been struggling to pay bills. My husband is retired, and I am self-employed. The reduction of our monthly premium has been a Godsend. We are grateful"*
- *"I was overwhelmed with relief...Cutting my payments by more than half. This is a blessing for sure..."*

ⁱ [Next big health crisis: 15M people could lose Medicaid when pandemic ends - POLITICO](#)