The Daily Dish

And the Other Shoe Drops… ACA Premiums and the ARP

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When the American Rescue Plan Act (ARPA) passed, advocates of the coverage-at-all-costs approach to health insurance were thrilled that it enhanced the premium tax credits (PTCs) (the health insurance subsidies in the individual market) and removed the limit that subsidies were only available to those under 400 percent of the federal poverty level (FPL). The bad news is that the provisions were put into place only for 2021 and 2022. This turned out to be a self-inflicted trap, as the same advocates were counting on using the Build Back Better Act (BBBA) to make the richer subsidies permanent (or as close to permanent as federal budgeting permitted). In 2023, the subsidy structure will return to the original vision of the Affordable Care Act (ACA).

How big a deal is this? When viewed from the perspective of a pandemic, it is easy to make the case that health insurance is now more valuable than ever. Accordingly, greater subsidies might make sense temporarily. From this perspective, having them expire as the pandemic fades is not a major event.