

Weekly Checkup



The Impact of the American Rescue Plan's Premium Subsidy Cliff

CHRISTOPHER HOLT | APRIL 29, 2022

The [American Rescue Plan Act](#) (ARPA)—enacted in March 2021—made several changes to the Affordable Care Act's (ACA) premium subsidies for health insurance, but only for 2021 and 2022. While some effort was made to extend them further as part of the [Build Back Better Act](#) (BBBA) this year, subsidy amounts and eligibility are set to revert to those originally spelled out in the ACA next year. **As a result, there is an increasing amount of [handwringing](#) from some corners that subsidized enrollees will face a dramatic subsidy cliff in 2023.** Yesterday, my colleague Margaret Barnhorst and I published [research](#) aiming to address these concerns by identifying the number of people who will be affected and the magnitude of that impact.

The ARPA both reduced how much a household must contribute toward its insurance premium before subsidies kick in and lifted the income cap on eligibility for those subsidies, allowing households with income above 400 percent of the federal poverty level (FPL) to receive subsidies if their insurance premium exceeds 8.5 percent of their income. Of the 14.5 million individuals who enrolled in coverage through the ACA in 2022, roughly 12.9 million are eligible for subsidies under the ARPA.

About 4.8 million of those subsidized enrollees have household income at or below 150 percent of FPL and contribute nothing toward their premiums in 2022 under the ARPA. In 2023—when the subsidy amounts revert to those set by the ACA—those with income at 100 percent of FPL (\$12,880 for an individual) will contribute \$22 per month toward their premium, while those at 150 percent of FPL (\$19,320 for an individual) will pay \$67 per month. **Next, there are roughly 4.7 million enrollees with income between 151–250 percent of FPL who will see the largest percent increases in premium contributions from 2022–2023.** Those at 200 percent of FPL (\$25,760 for an individual) will see a 226 percent increase, or about \$97 a month. **Then, there are roughly 3 million people making between 251–400 percent of FPL. These individuals won't see their percent of premium contribution increase quite as much, but will experience the largest dollar increases.** For example, those making 300 percent of FPL (\$38,640 for an individual) will see their monthly contribution toward their premium jump \$123.

Finally, there are a little over 1 million people with incomes above 400 percent of FPL (\$51,520 for an individual) who are receiving subsidies under the ARPA who will no longer be eligible for subsidies in 2023. The financial impact of reinstating the ACA's income eligibility limit will vary dramatically by age for this population, with younger individuals seeing virtually no difference in cost—as their premiums aren't high enough to qualify them for subsidies in the first place—while those age 64 will see the most significant increases.

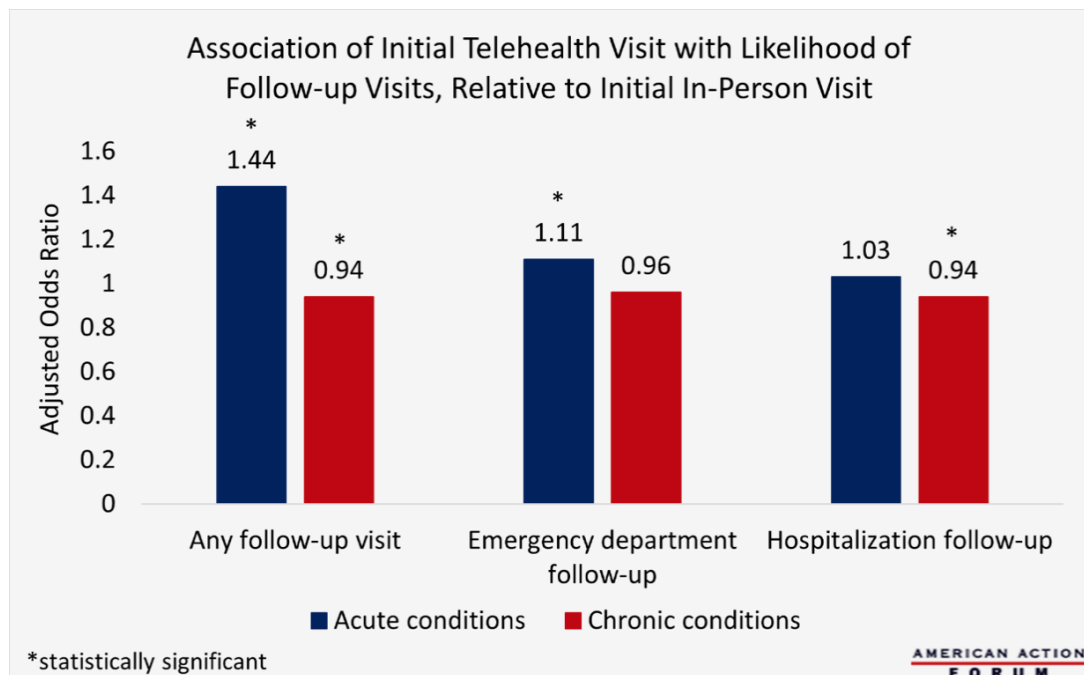
While most subsidized enrollees will see their share of the premium increase in 2023, it is important to remember that the ARPA's enhanced and expanded subsidies were framed as temporary measures in response to the COVID-19 pandemic. Allowing the enhanced and expanded subsidies to sunset simply represents a return to the policies established by ACA, and if applied to 2022 premiums, the vast majority of

those at or below 400 percent of poverty will see only modest increases in their premium contributions ranging from a few dollars to \$123 per month at the top end.

CHART REVIEW: TELEHEALTH AND FOLLOW-UP VISITS

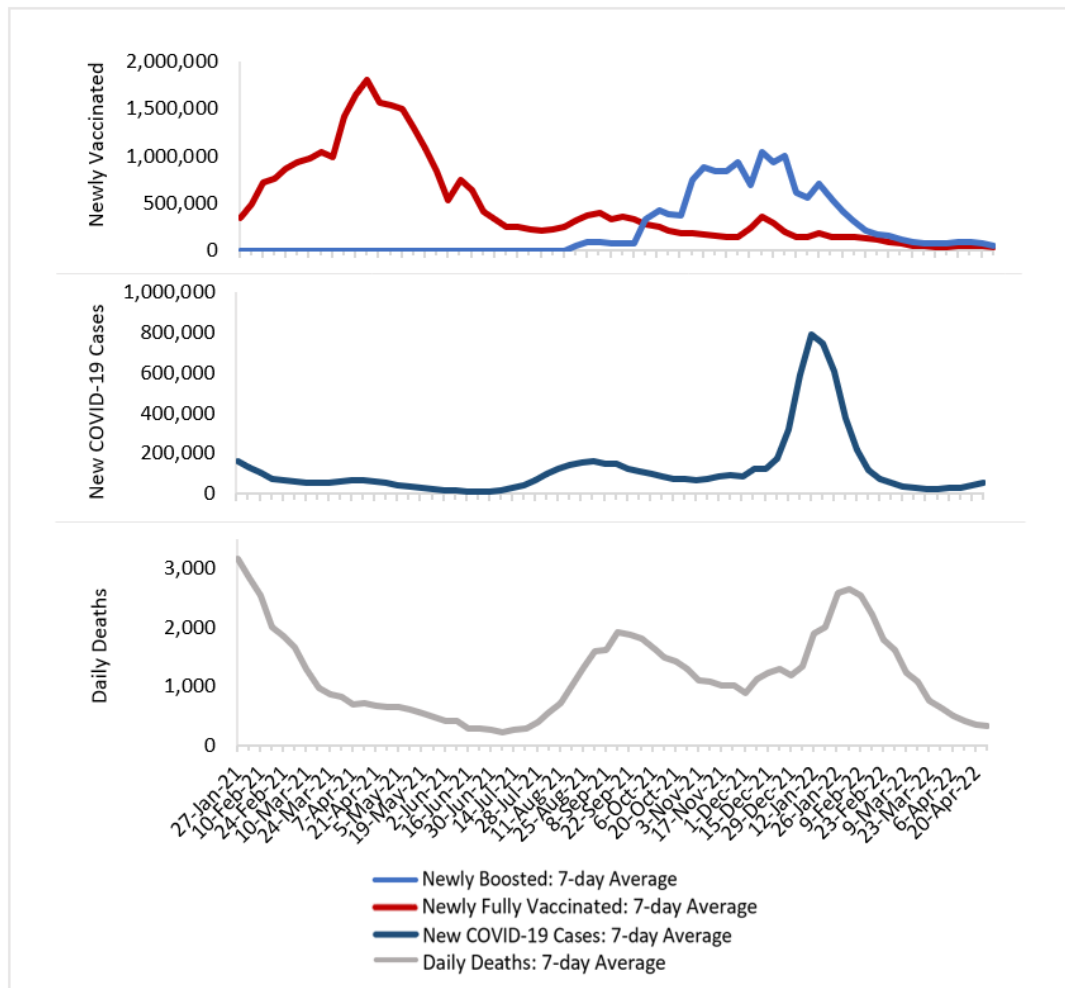
Margaret Barnhorst, Health Care Policy Fellow

According to a new [study](#) published in JAMA Network Open, patients treated for new acute conditions via telehealth may be slightly more likely to need a follow-up visit than those initially treated in-person. Based on a sample of 40.7 million commercially insured adults, patients with acute conditions who had an initial telehealth visit had higher odds of needing a follow-up visit, while patients with chronic conditions who had an initial telehealth visit had similar or slightly lower odds of requiring any follow-up visits, relative to those with an initial in-person visit. As shown in the chart below, after an initial telehealth visit for an acute condition, patients were 1.44 times as likely to require any type of follow-up visit and 1.11 times as likely to require an emergency department visit compared to patients with an initial in-person visit. Conversely, patients with an initial telehealth visit for a chronic condition were 0.94 times as likely to require any follow-up and 0.94 times as likely to require hospitalization. While [many questions](#) remain about the future of telehealth, these findings provide a preliminary look into the value of telehealth for differing conditions and patterns of additional health care utilization following telehealth visits, relative to in-person care.



TRACKING COVID-19 CASES AND VACCINATIONS

To track the progress in vaccinations, the Weekly Checkup will compile the most relevant statistics for the week, with the seven-day period ending on the Wednesday of each week.



Sources: Centers for Disease Control and Prevention [Trends in COVID-19 Cases](#) and [Deaths in the US](#), and [Trends in COVID-19 Vaccinations in the US](#)

Note: The U.S. population is 332,634,592