

Health Care Practice Tip - April 2021

The three American Rescue Plan provisions that boost Covered CA benefits

Several key provisions of the American Rescue Plan provide incredible help through Covered California. This practice tip focuses on the top three elements that will benefit lower-income individuals: increased premium tax credits (APTCs), extra help for people getting unemployment benefits, and APTC overpayment forgiveness. In each section, there are practical things you can do to make sure you or your clients can get all of the benefit the American Rescue Plan entails. For more information, there are many great resources with the details that are linked at the end.

Before we get into the tips, please remember that there is a special enrollment period called “Learned about the American Rescue Plan” running from April 12 to December 31, 2021. In other words, no one should be turned away from enrolling in Covered California for the rest of the year.

More premium assistance (APTCs)

The American Rescue Plan increases premium assistance for almost every Covered CA member for 2021 *and* 2022. This change happens automatically; **current enrollees don’t need to do anything!** And any applicant who applied after April 5 will get the increased APTCs.

That’s cool, how does it work? The new law caps the required contribution (which the ACA put on a sliding scale based on income), and as a result APTCs increase to make up the difference. For people whose income is below 150% FPL their required contribution is \$1.¹ This also helps folks at or above 400% FPL, who were ineligible for any federal APTCs before. Because the American Rescue Plan capped required contribution at 8.5% without an income limit, people whose income is above 400% FPL and beyond may now get APTCs if they are otherwise eligible! If you love graphs, see Appendix B at the end of this practice tip to see how the required contribution has changed for various income levels.



Darlene in West Los Angeles | Age: 21 | Income: \$25,520/year

Figure 1: Covered CA graphic example of premium reduction under the American Rescue Plan. [Source](#).

Tip: check health plan invoices for corrected amounts due or credits due. Covered CA members should see an increase in APTCs and a decrease in their premium payment amount due for May. Because the timing of the automatic increases and when the plans generate invoices, their May invoice or auto-pay amount may be the old amount. If this happens, the plans should be giving their members a credit for

¹ There are efforts to reduce this amount to \$0 as it is in many states. Because the \$1 covers abortion services, it is not covered by federal subsidies, must be billed separately, and the operation considerations to avoid this charge have not yet been worked out.

their next premium payment. **Please double check invoice amounts and auto-pay debit amounts** from May through July to make sure the correct amounts even out. Let us know if you see any issues!

How does this affect Covered CA's state subsidies? The American Rescue Plan's increased premium help is so good that it is more than past federal and state subsidies combined. As a result, Covered CA subsidies will effectively zero out and all premium assistance will come via federal APTCs. Efforts still continue in the California Legislature to repurpose the funding meant for state subsidies on other affordability assistance.

The Unemployment Benefits Lock = maximum benefits

One of the strongest American Rescue Plan's provisions gives crucial help for the millions of Californians who have filed for unemployment insurance benefits. If a person receives or is approved for unemployment benefits for any week in 2021, they will get APTCs and CSRs as though their income was 138.1% FPL for the entire year. (And that means any income over 138.1% FPL is disregarded.) With an effective income level of 138.1% FPL, these folks will pay \$1 in premiums and will be eligible for an Enhanced Silver 94 plan, the most comprehensive and low cost of all Covered CA plans.



Because your household has reported Unemployment Insurance Benefits, your household qualifies for the maximum amount of financial assistance available.

Figure 2: The eligibility results page will show this language starting in June. [Source](#) at p. 18

Tip: Report a change to Covered CA if you already receive or when you are approved for unemployment benefits. Reporting unemployment benefits as soon as possible will allow automatic updates. Covered CA accepts attestation and does not require verification of unemployment benefits. However, the IRS may require proof of unemployment at tax time.

When is this happening? What do people need to do? The unemployment benefits lock won't be programmed into the system until late June. After that, Covered CA will run batches on cases that have reported unemployment benefits to give them the unemployment lock benefit. If a person is already in a Silver plan, they will automatically be moved to an Enhanced Silver 94 plan.

How does this affect families that have kids in Medi-Cal? The unemployment lock does not apply to Medi-Cal eligibility rules, so children will remain in whatever program they were already in. The lock applies to all of the members of a tax household who are in Covered CA. So if a family has children who are in Covered CA plans (i.e. their income is above 266% FPL), the children will stay in Covered CA and the entire household will benefit from the unemployment lock. If the family has children who are in Medi-Cal, the children will remain in Medi-Cal with the same income eligibility levels.

APTC overpayment forgiveness

With tax time coming up (taxes due May 17!), Covered CA members who received excess APTCs in 2020 can have those overpayments forgiven. They do not need to repay those excess APTCs. The overpayment forgiveness can be applied now or corrected for folks who have already filed taxes.

If a person did not get *enough* APTCs, then they can still receive a tax credit.

This does not impact state subsidy reconciliation. To remember or learn more about state subsidy reconciliation and exemption for 2020, see our March practice tip on



Figure 3: Link to our March practice tip

California's individual mandate, exemptions, and reconciling state subsidies! The Administration is still considering how to handle any state subsidies that were received for 2021 now that the federal subsidies are replacing the state subsidies.

Let us know if you have any questions about these provisions, run into any problems applying them in your work. Email [Cori Racela & Jen Flory](#) with any questions or issues.

Appendix A. Great resources on Covered CA's implementation of the American Rescue Plan

- IRS [news release](#) and [Fact Sheet](#) on APTC overpayment forgiveness
- Covered CA's presentation of key American Rescue Plan provisions at its 2021 Special Enrollment Period Conference (Apr. 20, 2021)
 - [Video of the presentation](#) (relevant section starting at 29:00 through 50:47)
 - [Slides](#) used in the presentation (slides 11-27)
- Covered CA's [consumer-focused FAQs](#) on American Rescue Plan
- Covered CA's American Rescue Plan [FAQs for enrollers](#) (Apr. 22, 2021)
- Edwin Park & Sabrina Corlette's guide: [American Rescue Plan Act: Health Coverage Provisions Explained](#) (Mar. 2021)

Appendix B. Required Contribution Comparison chart (Note that "stimulus" means the American Rescue Plan)



2021 Required Income Contribution Curves

Figure 4: Required contribution percent chart via Covered CA. Available at p. 14 of <https://hbex.coveredca.com/toolkit/webinars-briefings/downloads/Covered-California-2021-Special-Enrollment-Conference-Presentation.pdf>