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American Rescue Plan Act of 2021

- Addresses ongoing impacts from the COVID-19 pandemic
- Increases and expands eligibility for Affordable Care Act premium subsidies for those enrolled in marketplace health plans
- ARPA tax credit begins April 1, 2021 and runs through 2022
- Changes are retroactive to January 1, 2021

Benefits

- Premium subsidies
- Tax credits

Qualification

- Expands advanced premium tax credits to individuals with incomes above 400 percent of the federal poverty level (FPL)
- Increases tax credits for those with incomes between 100 and 400 percent of the federal poverty line (FPL)
- Sets benchmark plan premium contributions at zero for all enrollees with incomes up to 150 federal poverty level (FPL).
- Qualifies anyone receiving unemployment assistance during 2021 for a zero premium benchmark plan, regardless of family income starting July 1st.
- Makes enhancements to premium subsidies for 2021 and 2022 by eliminating the upper income limit for eligibility for premium tax credits
 - Currently 400% of the federal poverty level (FPL)
 - Increases the amount of premium tax credits available by decreasing the amount that an individual must contribute to the cost of coverage to 8.5% of household income – currently 9.5%
- Premium tax credits will not subsidize high-income people because their premiums will in most cases not exceed 8.5% of their household income

Next Steps

- Individuals should update their marketplace health care plan applications to determine whether enhanced advanced premium tax credits are available
- Since the enhanced premium tax credits are retroactive to January 1, 2021, individuals will need to claim any prior month's premium tax credits on their 2021 tax filing
- Most marketplace health plan enrollees receive their premium tax credits in advance with the tax credit payments based on the enrollee's projected income for the year, so the enrollee must reconcile the amount of advance premium tax credit with their actual income for the year.
 - If the enrollee's actual income was higher than expected, the enrollee may be required to repay all or part of the advance premium tax credit to the federal government as part of enrollee's next income tax filing