

# Enhanced Federal Subsidies: Expiration Planning

Exchange Health Equity Technical Advisory Committee

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# Presenter

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# Background on enhanced federal subsidies

- ▶ Federal subsidies, also known as Advance Premium Tax Credits (APTCs), are a federal tax credit that offsets some of the cost of premiums for Exchange customers.
- ▶ The American Rescue Plan Act (ARPA) enhanced federal subsidies starting in 2021 in two ways:
  - ▶ Eligible customers under 400% FPL received a larger APTC amount;
  - ▶ Eligible customers over 400% FPL became eligible for APTC for the first time.
- ▶ Enhanced federal subsidies will expire in December 2025 under current law.

# Example enrollee impact illustration

## Scenario

A 60-year-old Yakima County resident makes \$36,600 per year (251% FPL). They are enrolled in a CHPW Silver Cascade Select plan, the lowest cost silver plan in their county.

## Impact

If ARPA-enhanced subsidies expire, **their net premium will more than double from \$112 to \$243 per month.**

	ARPA-Enhanced Subsidies	Without Enhanced Subsidies	Change
<b>Monthly Gross Premium</b>	\$807	\$807	\$0
<b>Monthly Federal Subsidy (APTC)</b>	\$695	\$565	-\$130 (-\$1,560 annually)
<b>Monthly Net Premium</b>	\$112	\$243	\$130

# Impact of ARPA Enhanced Federal Subsidies

- ▶ More than 253,000 customers are in a qualified health plan (QHP) through *Washington Healthplanfinder*, up 20% from 2023.
- ▶ Nearly 80% of QHP customers qualify for federal subsidies, up from 61% before ARPA.
- ▶ On average, these customers save over \$400 per member per month on their premiums.

# Loss of ARPA Enhanced Subsidies

**~55K**

Projected enrollment  
decrease

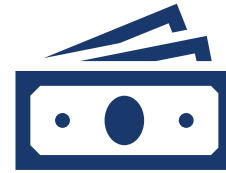
**~\$250M**

Projected  
decrease in APTC

Impact will be different by:



Age



Income



Location



Race/  
Ethnicity

# How WAHBE is Responding

1. **Education** about enhanced subsidies
2. **Exploring** policy options for mitigating the impact
3. **Preparing** for the impact on Exchange business operations

# For Discussion in Small Groups

- How might WAHBE best support the groups disproportionately impacted by the potential loss of enhanced federal subsidies?
- Given the loss of federal enhanced subsidies would have a disproportionate impact on equity, how can we continue to educate our customers about their options for affordability?

# Appendix

# Affordability threshold change increased subsidy at every income group

FPL (%)	Annual Income (single person household, 2024)	Pre-ARPA Maximum percent of income	ARPA Maximum percent of income
<b>&lt;=150%</b>	<\$21,870	3.10%-4.14%	<b>0.0%</b>
<b>151-200%</b>	\$21,871-\$29,160	4.14%-6.52%	0.0%-2.0%
<b>201-250%</b>	\$29,161-\$36,450	6.52%-8.33%	2.0%-4.0%
<b>251-300%</b>	\$36,451-\$43,740	8.33%-9.83%	4.0%-6.0%
<b>301-400%</b>	\$43,741-\$58,320	9.83%	6.0%-8.5%
<b>&gt;400%</b>	>\$58,320	N/A	<b>8.5%</b>

# Methodology

- ▶ Analysis includes all APTC eligible QHP enrollees as of 3/31/24. Enrollees' FPL is used to calculate their required individual contribution amount (e.g. 2% of their income at 200% FPL). Required individual contribution amount is estimated using ARPA/IRA contribution amounts and original ACA amounts.
- ▶ The required individual contribution is netted against the cost of the SLCSP/benchmark plan in their county to estimate their maximum eligible APTC amount. The difference in APTC and net premium under those different individual contribution amount scenarios is the basis of this analysis.

# Estimated Impact of Enhanced Subsidy Expiration by FPL, Customers Receiving APTCs\*

FPL (%)	Annual Income (single person household, 2024)	Customers Receiving APTC 2024	Average Annual Loss of APTC	Aggregate Loss of APTC Post-ARPA
<b>Overall Average</b>		<b>187K</b>	<b>\$1,346</b>	<b>\$247M</b>
<b>&lt;=150%</b>	<\$21,870	29K	\$526	\$15M
<b>151-200%</b>	\$21,871-\$29,160	51K	\$964	\$49M
<b>201-250%</b>	\$29,161-\$36,450	37K	\$1,263	\$47M
<b>251-300%</b>	\$36,451-\$43,740	20K	\$1,378	\$28M
<b>301-400%</b>	\$43,741-\$58,320	28K	\$979	\$28M
<b>&gt;400%</b>	>\$58,320	22K	\$3,707	\$80M

\*Estimation uses 2024 plan rates and assumes no plan switching or changes in enrollment among federally subsidized customers. See appendix for methodology.

# Estimated Impact of Enhanced Subsidy Expiration by FPL, Customers Receiving APTCs\*

FPL (%, 2024)	Customers w/ APTC 2024	Average Annual Loss of APTC	Aggregate Loss of APTC Post-ARPA	Average Increase in Net Premium (\$)	Average Increase in Net Premium (%)
<b>Overall Average</b>	<b>187K</b>	<b>\$1,346</b>	<b>\$247M</b>	<b>\$112</b>	<b>72%</b>
<b>&lt;=150%</b> (<\$22K)	29K	\$526	\$15M	\$39	97%
<b>151-200%</b> (\$22K-\$29K)	51K	\$964	\$49M	\$75	119%
<b>201-250%</b> (\$29K-\$36K)	37K	\$1,263	\$47M	\$100	84%
<b>251-300%</b> (\$36K-\$44k)	20K	\$1,378	\$28M	\$107	71%
<b>301-400%</b> (\$44K-\$58K)	28K	\$979	\$28M	\$79	34%
<b>&gt;400%</b> (>\$58K)	22K	\$3,707	\$80M	\$309	74%

\*Estimation uses 2024 plan rates and assumes no plan switching or changes in enrollment among federally subsidized customers. See appendix for methodology.

Table 1

## Federal Poverty Guidelines for 2024 Coverage Year

Persons in family/household	100% FPL	138% FPL	150% FPL	200% FPL	250% FPL	300% FPL	400% FPL
1	\$14,580	\$20,120	\$21,870	\$29,160	\$36,450	\$43,740	\$58,320
2	\$19,720	\$27,214	\$29,580	\$39,440	\$49,300	\$59,160	\$78,880
3	\$24,860	\$34,307	\$37,290	\$49,720	\$62,150	\$74,580	\$99,440
4	\$30,000	\$41,400	\$45,000	\$60,000	\$75,000	\$90,000	\$120,000
5	\$35,140	\$48,493	\$52,710	\$70,280	\$87,850	\$105,420	\$140,560
6	\$40,280	\$55,586	\$60,420	\$80,560	\$100,700	\$120,840	\$161,120
7	\$45,420	\$62,680	\$68,130	\$90,840	\$113,550	\$136,260	\$181,680
8	\$50,560	\$69,773	\$75,840	\$101,120	\$126,400	\$151,680	\$202,240

NOTE: Tax credit eligibility for the 2024 coverage year is based on 2023 federal poverty guidelines. For families/households with more than 8 persons, add \$5,140 for each additional person. Somewhat higher guidelines are established for Alaska and Hawaii.

SOURCE: [KFF analysis of ASPE's Poverty Guidelines for 2023](#) • PNG

**KFF**