

## Health Care Provisions in the American Rescue Plan Act of 2021

On March 11, 2021 President Biden signed into law the [American Rescue Plan Act of 2021](#), a \$1.9 trillion COVID-19 relief package. While healthcare was not a major focus of the bill, there are several healthcare-related provisions included in the legislation.

### COVID-19 testing and vaccines

The law includes several provisions to improve the nation's vaccine and testing capacity. It allocates \$10 billion for the purposes of carrying out activities under the Defense Production Act. Specifically, the funding can be used for the manufacturing and procurement of medical supplies and equipment related to combatting the COVID-19 pandemic, including diagnostic products, personal protection equipment, drugs, medical devices and biological products.

More than \$70 billion is allocated for the COVID-19 vaccines, testing and workforce efforts, with \$15 billion+ geared toward enhancing, expanding and improving the nationwide distribution and administration of vaccines. These strategies include increasing access, especially in underserved communities, increasing vaccine confidence and funding the research, development, manufacturing and procurement of vaccines, therapeutics and other ancillary supplies. The law further assigns \$6 billion for the research, development, manufacturing, production and purchasing of vaccines, therapeutics and other ancillary products, as well as \$1 billion for efforts to boost vaccine confidence. With respect to testing, the law allocates almost \$48 billion to continue implementation of an evidence-based national testing strategy with a focus on components such as detection, diagnosis, tracing and monitoring.

### Expansion of COBRA subsidies

The law provides federal subsidies valued at 100% of the health insurance premium for eligible individuals and families to remain on their employer-based coverage. ***The law requires the former employer to pay the COBRA premium for subsidy-eligible individuals; the federal government will then reimburse the former employer for this cost. Employers are required to provide written notice to employees who become eligible for this subsidy.*** This applies to employees who lose employment completely or have their hours reduced such that they are no longer eligible for employer-provided coverage. However, individuals are not eligible if they quit voluntarily. Nor are they eligible for these subsidies if COBRA resulted from other qualifying events, including death of or divorce from the covered employee, the covered employee becoming entitled to Medicare, or loss of dependent child status. The provision covers premiums for up to six months and is temporary; subsidies can be paid for coverage months no earlier than April 1, 2021 and no later than September 30, 2021. When these subsidies end, individuals can choose to continue unsubsidized enrollment through COBRA. Regulations and/or other guidance will come jointly from the Departments of Labor and Treasury.

### Temporary expansion of health insurance marketplace financial assistance

The law further reduces the cost of Marketplace coverage for all subsidy-eligible individuals and families by increasing the dollar value of the premium tax credit subsidies. For example, individuals making between 100% and 150% of the federal poverty level (FPL) will not pay anything in Marketplace premiums. In addition, the law expands eligibility for the tax credit subsidies to more individuals. Specifically, more households above 400% FPL, the current maximum eligibility threshold, are newly eligible for subsidies. These changes are temporary and in effect for tax years 2021 and 2022. In addition, the law expands eligibility for marketplace coverage to individuals who receive at least one week's worth of unemployment compensation during 2021.