

Virtual Leadership Day, May 25-26, 2021

## Expand Health Coverage and Affordability

**Congress should pass legislation to expand access to health coverage and make it more affordable especially for vulnerable populations. It should continue the expanded eligibility for higher premium tax credits (as enacted in the American Rescue Plan Act) to purchase coverage through the Affordable Care Act (ACA), as well as higher federal payments for states to expand their Medicaid population, beyond CY 2022, and enact additional measures to expand coverage, as described below in the “What is ACP Asking of Congress” section.**

### What’s it all about?

Affordable health insurance coverage with a defined set of essential benefits is a basic fundamental need of all Americans to achieve health and financial security. Although the United States leads the world in health care spending, it fares far worse than its peers on coverage and most dimensions of value. According to the latest data from the Centers for Disease Control (CDC), 33.2 million people were uninsured in 2019.

Internal medicine physicians see on a daily basis the [health risks associated with the uninsured](#) and the poorer health that results from a lack of insurance. Uninsured Americans are far less likely to have a regular source of care or to have recently seen a physician. They are more likely to delay seeking care, even when ill or injured, and more likely to report unmet medical needs and are more often hospitalized for illness or disease.

Since enactment of the ACA in 2010, about 20 million Americans have gained coverage and the uninsured rate has decreased from 17.1 percent in 2008 to 10.9 percent in 2019. The law's health insurance regulations, which include protections for persons with preexisting conditions, have made health insurance more accessible. The premium tax credit and cost-sharing subsidies have made non-group coverage more affordable. The essential health benefit package and coverage for preventive services without cost sharing have made insurance more comprehensive. Perhaps most important, the Medicaid expansion extended coverage to millions of low-income adults.

Despite the gains achieved by the ACA in expanding coverage and lowering costs, the cost of health insurance is unaffordable for many higher income persons ineligible for subsidies and tax credits. Higher deductibles prevent those with health insurance from being able to utilize it when they need it due to high out of pocket costs. Evidence suggests that underinsured persons – those with some form of insurance that does not offer complete financial protection- have more barriers to receiving health care than those with insurance. The affordability problem is particularly acute for more than 2 million individuals in the coverage gap who reside in states that have not expanded Medicaid and do not qualify for Medicaid or premium subsidies through the ACA.

ACP has been a longstanding advocate for a health system that provides universal coverage to all Americans and last year, we released an ambitious [New Vision for Health Care](#) that provides a series of recommendations to achieve universal coverage along with reforms to support team-based care and reduce discrimination and disparities in health care. Although a pathway to universal coverage remains uncertain, we are pleased that Congress has already enacted legislation this year to expand eligibility for and the amount of premium tax credits to purchase coverage through the ACA as well as increase incentives for states to expand their Medicaid population.

### What’s the current status in Congress and the Administration what improvements are needed?

In January, President Biden issued an executive order that directed all executive departments and agencies with authorities related to the ACA and Medicaid to determine any practices or policies that may undermine protections for people with pre-existing conditions, including complications related to COVID-19 under the ACA. The Centers for Medicare and Medicaid Services (CMS) also determined that the COVID-19 emergency created exceptional

circumstances for consumers and extended a Special Enrollment Period for individuals to sign up for ACA plans through August 15<sup>th</sup> of this year. President Biden called for expanded eligibility for and higher premium subsidies to purchase coverage through the ACA exchanges, federal subsidies for COBRA coverage, and higher federal payments to states that expand Medicaid, as subsequently included in the American Rescue Plan Act. He has called for creating a public option, and for expanding Medicare eligibility for persons aged 55 and over but has not put forward a specific proposal yet on either.

Congress has also been particularly active on the issue of health coverage and affordability in these first several months of the new 117<sup>th</sup> Congress. Hearings have been held in numerous committees in both chambers on health coverage, especially on efforts to build on the ACA. In March, ACP submitted a [statement](#) to the House Energy & Commerce Committee on legislative proposals to do just that. Congress passed and President Biden signed into law *the American Rescue Plan Act*. That [legislation](#) included provisions supported by ACP to expand coverage as well as reduce premium costs under the ACA. It also increases federal funding for states to expand Medicaid by raising a state's base Federal Medical Assistance Percentage (FMAP) for two years for states that newly expand Medicaid and it fully subsidizes the marketplace-based health coverage of people earning up to 150 percent of the federal poverty level (FPL) in 2021 and 2022. In addition, enrollees who make over 400 percent of the FPL would become eligible for tax credits and have their premium costs capped at 8.5 percent of income for two years. More action is needed however by Congress to expand coverage and increase affordability, including passage of the following:

- H.R. 340, *the Incentivizing Medicaid Expansion Act of 2021* would provide the same level of Federal matching assistance for every State that chooses to expand Medicaid coverage to newly eligible individuals, regardless of when such expansion takes place. It would expand Medicaid by providing states with 100 percent FMAP for expansion beneficiaries for the first three years and gradually declines the FMAP to 93 percent by year six of expansion. The FMAP would eventually drop to 90 percent for year seven and beyond.
- H.R. 369, *the Health Care Affordability Act of 2021* would increase the generosity of the ACA premium tax credits across all income levels and would permanently expand the eligibility for premium tax credits to people with incomes above 400 percent of the federal poverty level. It would guarantee that anyone who buys ACA insurance can purchase a plan for 8.5 percent of their income or less.

### What is ACP asking of Congress?

- ✓ **Representatives should cosponsor and pass H.R. 340, *the Incentivizing Medicaid Expansion Act of 2021***, to expand federal matching assistance for states that choose to expand Medicaid, regardless of when such expansion takes place. Senators should introduce and pass the companion bill in the Senate.
- ✓ **Representatives should cosponsor and pass H.R. 369, *the Health Care Affordability Act of 2021***, to permanently expand eligibility for higher premium tax credits under the ACA. Senators should introduce and pass the companion bill in the Senate.

### Where can go to learn more?

[advocacy@acponline.org](mailto:advocacy@acponline.org); Digital version of this issue brief can be found at: [Policy Priority Issues | ACP Services](#)