REGIONAL LEADERSHIP COUNCIL

Leader Hakeem Jeffries —— Chair Steny H. Hoyer

How the ARP and IRA's Health Care Savings Benefit New Jersey's 1st District

Executive Summary

In 2010, President Obama signed the Affordable Care Act (ACA), which has enabled tens of millions of Americans to access affordable, high-quality health insurance. Working with the Biden-Harris Administration, Democrats in Congress helped enact the American Rescue Plan (ARP) and the Inflation Reduction Act (IRA), which created and extended enhanced financial assistance to purchase health insurance coverage on the marketplaces originally established by the ACA. With the assistance provided by the ARP and the IRA, 80% of federal marketplace enrollees can access a plan for $120 or less per year and marketplace enrollment has increased by 10 million (88%) since 2020. Nationally, the number of uninsured Americans reached an all-time low of 7.7% in 2023, and the total number receiving health insurance through an ACA marketplace reached a record high of 21 million in 2024.[1]

The enhanced subsidies are providing significant benefits in **New Jersey's 1st District.** In 2024, an estimated **28,000 people** in the district enrolled in ACA marketplace health insurance coverage, an increase of **58%** since 2020. As a result of the IRA, the average enrollee will save **$1,440** in premiums this year.

Individuals with ACA marketplace health insurance coverage in the district will pay on average **$2,340** in premiums this year. Without the enhanced subsidies provided through the IRA, the average premium would have increased to **$3,780**, an increase of **62%.**

The savings for families in the district purchasing a benchmark silver plan will be significantly larger in many instances. For example, a 60-year-old couple with a household income of $85,000 will save **$15,702** in premiums this year, avoiding a **217%** increase in premiums.

Background

The ACA enabled 45 million Americans to access health insurance coverage by providing new federal funding for states to expand their Medicaid programs and establishing new online

[1] Centers for Medicare & Medicaid Services, Health Insurance Marketplaces 2024 Open Enrollment Report (March 22, 2024) (https://www.cms.gov/files/document/health-insurance-exchanges-2024-open-enrollment-report-final.pdf); Centers for Medicare & Medicaid Services, Health Coverage Under the Affordable Care Act: Current Enrollment Trends and State Estimates (March 22, 2024) (https://aspe.hhs.gov/sites/default/files/documents/a6589500bb65294dec49d174c6ea84c1/aspe-health-coverage-under-aca.pdf).

marketplaces for consumers to compare and purchase insurance with the support of tax credits.[2]

The ARP and IRA have improved the ACA by making health care even more affordable for Americans. During 2021 and 2022, the ARP reduced the cost of premiums and expanded eligibility for financial assistance to purchase coverage through the federal marketplace (HealthCare.gov) and state-run marketplaces. The law:

- Lowered the maximum out-of-pocket premium for marketplace plans for people with a household income between 100% to 400% of the federal poverty level (FPL).
- Reduced the maximum out-of-pocket premium to zero for people with incomes between 100% and 150% of the FPL.
- Expanded eligibility for premium tax credits to households with incomes above 400% of the FPL if their health insurance premiums exceed 8.5% of their household income.[3]

The ARP ensured that no one has to pay more than 8.5% of their household income to purchase ACA marketplace health insurance coverage, and most households pay significantly less. Since 2021, 80% of federal marketplace enrollees could find a plan for $120 or less per year.[4] As a result of these savings, approximately 6 million new people signed up for marketplace coverage in 2021 and 2022.[5] The IRA continued these savings through 2025 and prevented millions of marketplace enrollees from facing steep increases in their premium payments.[6]

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[2] Centers for Medicare & Medicaid Services, Health Coverage Under the Affordable Care Act: Current Enrollment Trends and State Estimates (March 22, 2024) (https://aspe.hhs.gov/sites/default/files/documents/a6589500bb65294dec49d174c6ea84c1/aspe-health-coverage-under-aca.pdf).

[3] Kaiser Family Foundation, How the American Rescue Plan Act Affects Subsidies for Marketplace Shoppers and People Who Are Uninsured (March 25, 2021) (https://www.kff.org/affordable-care-act/issue-brief/how-the-american-rescue-plan-act-affects-subsidies-for-marketplace-shoppers-and-people-who-are-uninsured/).

[4] Before the American Rescue Plan, 69% of enrollees were able to find a plan for $10 or less per month. Department of Health and Human Services, Fact Sheet: The American Rescue Plan: Reduces Health Care Costs, Expands Access to Insurance Coverage and Addresses Health Care Disparities (March 12, 2021) (https://www.hhs.gov/sites/default/files/fact-sheet-hhs-american-rescue-plan-health-insurance-coverage.pdf). See also Centers for Medicare & Medicaid Services, Marketplace 2022 Open Enrollment Fact Sheet (October 25, 2021) (https://www.cms.gov/newsroom/fact-sheets/marketplace-2022-open-enrollment-fact-sheet); Department of Health and Human Services, Over 3 Million Selected Affordable Health Coverage in ACA Marketplace Since Start of Open Enrollment Period (November 22, 2022) (https://www.hhs.gov/about/news/2022/11/22/over-3-million-selected-affordable-health-coverage-in-aca-marketplace-since-start-of-open-enrollment-period.html); Department of Health and Human Services, More Than 4.5 Million Select Affordable Health Coverage Since Start of Open Enrollment Period (November 21, 2023) (https://www.hhs.gov/about/news/2023/11/21/more-than-4-million-select-affordable-health-coverage-aca-marketplace-coverage-start-open-enrollment-period.html).

[5] Department of Health and Human Services, The State of the ACA Report (March 23, 2022) (https://www.cms.gov/files/document/state-anniversary.pdf).

[6] Kaiser Family Foundation, Five Things to Know about the Renewal of Extra Affordable Care Act Subsidies in the Inflation Reduction Act (August 11, 2022) (https://www.kff.org/policy-watch/five-things-to-know-about-renewal-of-extra-affordable-care-act-subsidies-in-inflation-reduction-act/).

Across the country, most households enrolled in an ACA marketplace plan and receiving financial assistance are now saving over $800 per year due to the ARP and IRA's enhanced ACA subsidies. The average household's marketplace premium, after subsidies, has fallen by 32%, and because of all these opportunities to access affordable options and increased savings, total marketplace enrollment hit an all-time high in 2024 with 21 million enrolled.[7]

In 2013 — the year before initial ACA marketplace coverage became available – the national uninsured rate for the nonelderly was 16.6%.[8] By 2020, the nonelderly uninsured rate had fallen to 11.5%.[9] Between 2020 and 2023, an additional 6.3 million people who were previously uninsured have gained health coverage, resulting in a new record-low national uninsured rate of 7.7%.[10]

The Benefits of Enhanced Subsidies in New Jersey's 1st District

In 2024, an estimated **28,000 people** enrolled in marketplace health insurance coverage through the ACA in **New Jersey's 1st District**. Since 2020, marketplace enrollment has increased by **10,300**, an increase of **58%.** As a result of the IRA, the average enrollee in the district will save **$1,440** in premiums this year.

On average, individuals with marketplace coverage in the district will pay **$2,340** in premiums this year. If Congress had not extended the enhanced subsidies in the IRA, the average premium for these individuals would have been **$3,780**, which is an increase of **62%**.

Individual families in the district can realize significantly larger savings. For example, a 60-year-old couple with a household income of $85,000 could obtain coverage this year for **$7,224**. Without the IRA's extension of the ARP's enhanced subsidies, the couple would have had to pay **$22,926** in premiums, which would be a **217%** increase in premiums. In dollar terms, this couple is projected to save **$15,702** in premiums for health insurance coverage.[10]

Conclusion

Fourteen years ago, President Obama signed the ACA into law knowing the simple truth that the prosperity of our nation depends on the health of all its people. Enhanced subsidies have proven to be a key tool in providing access to affordable health insurance coverage to the American

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[7] Department of Health and Human Services, Health Insurance Marketplaces 2023 Open Enrollment Report (March 2023) (https://www.cms.gov/files/document/health-insurance-exchanges-2023-open-enrollment-report-final.pdf); Department of Health and Human Services, Health Insurance Marketplaces 2024 Open Enrollment Report (March 22, 2024) (https://www.cms.gov/files/document/health-insurance-exchanges-2024-open-enrollment-report-final.pdf).

[8] Centers for Disease Control and Prevention, National Health Interview Survey Early Release Program, Health insurance Coverage: Early Release of Estimates From the National Health Interview Survey, 2013, page 2 (June 2014) (https://www.cdc.gov/nchs/data/nhis/earlyrelease/insur201406.pdf).

[9] Centers for Disease Control and Prevention, National Health Interview Survey Early Release Program, Health Insurance Coverage: Early Release of Estimates From the National Health Interview Survey, 2020, Table I, page 10 (August 2021) (https://www.cdc.gov/nchs/data/nhis/earlyrelease/insur202108-508.pdf).

[10] Department of Health and Human Services, National Uninsured Rate Reaches an All-Time Low in Early 2023 After the Close the ACA Open Enrollment Period (August 3, 2023) (https://aspe.hhs.gov/sites/default/files/documents/e06a66dfc6f62afc8bb809038dfaebe4/Uninsured-Record-Low-Q12023.pdf); Department of Health and Human Services, National Uninsured Rate Remains Largely Unchanged at 7.7 Percent in the Third Quarter (February 2024) (https://www.aspe.hhs.gov/sites/default/files/documents/e497c623e5a0216b31291cd37063df1d/NHIS-Q3-2023-Data-Point-FINAL.pdf).

people. Millions more marketplace enrollees are now able to access affordable health insurance plans, causing marketplace enrollment to reach an all-time high and the uninsured rate to fall to a record low.[11] In communities across the country, these expanded ACA subsidies are making health care coverage affordable for millions of families.[12]

This report was last updated on August 16, 2024[13]

[11] Department of Health and Human Services, National Uninsured Rate Reaches an All-Time Low in Early 2023 After the Close the ACA Open Enrollment Period (August 3, 2023) (https://aspe.hhs.gov/sites/default/files/documents/e06a66dfc6f62afc8bb809038dfaebe4/Uninsured-Record-Low-Q12023.pdf); Department of Health and Human Services, National Uninsured Rate Remains Largely Unchanged at 7.7 Percent in the Third Quarter (February 2024) (https://www.aspe.hhs.gov/sites/default/files/documents/e497c623e5a0216b31291cd37063df1d/NHIS-Q3-2023-Data-Point-FINAL.pdf).

[12] All estimates are based on premiums available to households living within the district.

[13] Regional Leadership Council, *"Methodology For Regional Leadership Council Briefings"* (August, 2024). (https://rlc.house.gov/sites/evo-subsites/regionalleadershipcouncil.house.gov/files/evo-media-document/RLC%20Methodology%20-%20UPDATED%20August%202024.pdf).