Acting on Affordable Care: The American Rescue Plan's critical role in Arizona's path to pandemic recovery

Introduction

The passage of the Patient Protection and Affordable Care Act (ACA) in 2010 launched a wide-scale effort to dismantle disparities in access to health care and health insurance. It succeeded in many aspects of this goal: its passage led to substantial gains in health insurance coverage and national health care systems transformation, and provided millions with financial security and access to affordable preventive care.

The law laid the foundation for building health equity in the United States. But from its inception, anti-ACA lawmakers have sought to destroy the law's framework and funding mechanisms. Despite the tremendous benefits seen in the first few years of the ACA, efforts by those policymakers to erode the ACA have worsened disparities in access to affordable, high-quality, culturally competent health care.

Ten years after the passage of the Affordable Care Act, the COVID-19 pandemic brought long-simmering insufficiencies in the United States health care system to a rolling boil.

Fortunately, the federal government's efforts to mitigate the economic and human impact of the pandemic have bolstered the ACA. Recent federal coronavirus relief bills like the American Rescue Plan Act (ARPA) have built upon the law in response to the current crisis.

Despite significant loss of life and employment opportunities statewide, the safety net provided by the ACA has largely functioned as it should throughout the course of the pandemic.

The pandemic recovery response included several key investments – of both new and restored funding – to promote health care affordability and access. These efforts have served as a lifeline, in many instances literally, for many Arizonans by expanding access to health care to those who have needed it most.

Together, the Affordable Care Act and American Rescue Plan Act have made health care more affordable and accessible than ever. The COVID-19-related affordability provisions should be permanently authorized to support Arizona and the United States on the path to recovery.

Chipping away at health infrastructure

Any discussion of the health and social impacts of the COVID-19 pandemic must first acknowledge the policy changes and decisions made over the years to sabotage the ACA prior to the crisis. Little by little, these actions undermined trust in our nation's health care systems. This in turn fractured local, state, and federal emergency systems and had a devastating impact on our nation's ability to respond with speed and force in times of crisis. Efforts to dismantle the ACA undermined access to affordable preventive health care, particularly

for Black, Indigenous, and Latinx individuals. They also forced states and local governments to disinvest in public health infrastructure, increasing community risk of death or severe mortality during the COVID-19 pandemic.[1]

Beginning in January of 2017, the Trump administration began to methodically cut funding and support for health care outreach and enrollment. The administration halved the duration of ACA Open Enrollment, slashed the marketing budget for HealthCare.Gov by 91%, and severed partnerships with businesses and organizations to promote enrollment. This gave individuals less time to select a plan and less exposure to their health care options.

Enrollment assisters and health care navigators help individuals and families identify and enroll in health insurance by guiding them through the process of finding the best plan for their household, especially for people with language or literacy barriers. Nationally, the Trump administration cut funding for enrollment assisters and health care navigators by 40% . Fully- funded outreach, enrollment, and marketing efforts are essential to educating people on how to obtain insurance, and this disinvestment had the intended but unfortunate consequence of depriving people of access to care.

In Arizona, 85% of navigator funding was cut between 2017 and 2020. Prior to 2017, Arizona received about $2 million per year to assist people in obtaining coverage through the ACA Marketplace, Medicaid, and CHIP. By 2019, funding had dwindled to just $300,000 per year. While other states opted to invest state funding in health care outreach, marketing, and enrollment support, Arizona's governor and legislature neglected to do so. In 2019 alone, that led more than 60,000 Arizonans to forgo health insurance compared to the previous year.[2]

Despite achieving record- low rates of uninsured Arizonans in the first years after implementation of the ACA, Arizona's uninsured population grew dramatically between 2017 and 2019.[3] In the Grand Canyon State, American Indian / Alaska Native, Asian / Pacific Islander, and Latinx children saw particularly significant coverage losses.

Between 2017 and 2019 the rate of uninsured American Indian / Alaska Native children rose by nearly 10% to pre-ACA levels, despite the legislation's permanent authorization of the Indian Health Care Improvement Act (IHCIA). The ACA also authorized new investments in disease prevention, workforce development, and coverage options for Tribal members. It allowed Indian Health Service and Tribal 638 health facilities to bill Medicaid for care provided to enrolled Tribal members, which grants chronically underfunded and understaffed facilities a much-needed alternative revenue source to combat insufficiencies in federal funding allotments.[4] The most recent American Community Survey data show that nearly 1 in 4 Indigenous children in Arizona are uninsured.

The rate of uninsured Asian / Pacific I slander children more than doubled within this same period, despite many years of comparatively high coverage. Xenophobic and racist rhetoric at the federal and state level, coupled with policy changes targeted at immigrant and mixed-status families, likely contributed to the rise in uninsured children in this group (among others). Nearly 3 in 10 Arizona children are either foreign-born or live in a home with at least one immigrant parent.[5] Of these children, nearly 70,000 (15%) live in families who immigrated from Asia.[6]

A plurality of Arizona children are Hispanic or Latinx. Despite being more likely to be engaged in the workforce, Latinx families are less likely to have employer- sponsored health coverage. For this reason, Medicaid, CHIP, and the ACA Marketplace remain important sources of comprehensive health coverage, and threats to these programs are especially harmful to Latinx families and children. It was under these conditions that Arizona and the United States' health care infrastructure entered the COVID-19 pandemic.

Rebuilding: The ACA and ARPA

The COVID-19 pandemic has had devastating economic and social impacts, exacerbating existing barriers to health insurance enrollment. Between February and April of 2020, roughly

331,500 jobs were lost in Arizona.[7] This figure represents a greater loss of employment than during the Great Recession; however, the state's economic recovery has been much more robust thanks in no small part to Congress' efforts to mitigate the harm. As of October 2021, 94% of these jobs have returned with 21,000 still unrecovered. Many key Arizona industries - including hospitality, tourism, and entertainment - suffered significant employment losses and have been slow to rebound. This highlights the need for ongoing economic and health care-focused recovery efforts.

With job loss comes loss of employer-sponsored health insurance coverage (ESI). Early in the pandemic, this led advocates to anticipate a crisis of uninsured individuals during an unprecedented public health emergency. In response, Congress passed the Families First Coronavirus Response Act (FFCRA), which barred states from restricting Medicaid enrollment or eligibility and increased the federal government's share of Medicaid costs during the national Public Health Emergency (PHE).[8] The FFCRA provisions built upon existing Medicaid and ACA infrastructure to ensure continuity of coverage throughout the course of the pandemic. Despite advocates' early fears, preliminary data suggests the FFCRA and ACA largely insulated individuals and families from coverage loss and diverted families into high-quality alternative health insurance options.[9]

Within days of his inauguration, President Biden reopened the ACA Marketplace for an unprecedented Special Enrollment Period allowing more than 2.7 million Americans to gain health care coverage, while also reversing funding cuts for navigators and other critical enrollment supports.[10] Congress also leveraged key components of the ACA - including direct-purchase health coverage through the Health Care Exchange, premium tax subsidies, and Medicaid Expansion – to launch new health care affordability initiatives. Building upon the success of the landmark 2010 law, the American Rescue Plan Act (ARPA) was passed by Congress and signed into law in March 2021, augmenting several existing provisions on a temporary basis with the intention of making health care more accessible and affordable.

The American Rescue Plan Act: Key Provisions

To improve affordability and incentivize health coverage for individuals of all incomes, the ARPA:[11]

- **Increased subsidies for low-income households.** The ARPA enhanced premium tax credits, allowing people in households earning up to 150% Federal Poverty Level (FPL) (about $19,000 per year for an individual or $39,000 for a family of four) to enroll in a comprehensive "silver" plan at no monthly cost after subsidies.[12] Previously, individuals earning between 100-150% FPL were required to pay a small monthly premium for coverage.
- **Support for people who lost their jobs during the pandemic.** People who received (or were approved for) unemployment compensation at any point in 2021 are eligible to receive maximum premium tax credit and cost-sharing reductions toward silver plan expenses for the duration of the calendar year. Income in excess of 133% FPL will not be counted. As a result, many who lost jobs during the pandemic will qualify for $0 or very low-cost health plans with limited cost-sharing.[13] The ARPA also provided subsidies for COBRA coverage to individuals who lost health coverage as a result of termination or a reduction in hours. Between April and September of 2021, people who lost their ESI were able to stay connected to their insurance network without paying (typically hefty) monthly COBRA premiums.[14]
- **Extended premium assistance for moderate- income households.** Before the ARPA, health insurance premium assistance on the ACA Marketplaces was unavailable to those earning 400% FPL or more (about $51,000 per year for an individual or $106,000 for a family of four). Now, households living in high-premium areas may qualify to offset their health care costs through premium subsidies.

"Who's going to want to better themselves if you can't qualify for health coverage because you earn a dollar more? That's what they do to people."
– XX, uninsured mother of 2

- **Capped monthly premiums**. The ARPA also reduced the maximum monthly out-of- pocket premium cost across all income brackets to 8.5% of income on the ACA Marketplaces, leading to significant cost savings for individuals and families across the income spectrum. A breakdown of the prior and current premium cost caps is below:[15] For uninsured and underinsured households of low- to moderate-income, cost has remained a barrier to coverage even after passage of the ACA. Some households that were previously ineligible for premium subsidies or employer-sponsored health coverage were responsible for paying upwards of 15% of their income toward insurance premiums.[16] This previously served as a deterrent to health coverage, particularly for individuals living in high-cost areas or with little disposable income.

Percent of Income Paid for Marketplace Benchmark Silver Premium, by Income

Income (% of poverty)	Affordable Care Act (before legislative change)	COVID-19 Relief (current law 2021-2022)
Under 100%	Not eligible for subsidies*	Not eligible for subsidies**
100% - 138%	2.07%	0.00%
138% - 150%	3.10% - 4.14%	0.00%
150% - 200%	4.14% - 6.52%	0.0% - 2.0%
200% - 250%	6.52% - 8.33%	2.0% - 4.0%
250% - 300%	8.33% - 9.83%	4.0% - 6.0%
300% - 400%	9.83%	6.0% - 8.5%
Over 400%	Not eligible for subsidies	8.50%

**Lawfully present immigrants whose household incomes are below 100% FPL and are not otherwise eligible for Medicaid are eligible for tax subsidies through the Marketplace if they meet all other eligibility requirements **In the COVID-19 relief law, lawfully present immigrants in states that have not expanded Medicaid would continue to be eligible for Marketplace subsidies. In addition, people receiving Unemployment Insurance (UI) are treated as though their income is no more than 133% of poverty for the purposes of the premium tax credit. This could extend premium tax credits to some individuals with incomes below poverty.*

Source: KFF • Created with Datawrapper

Impact on Arizona health care affordability

In Arizona, the changes enacted by the American Rescue Plan Act mean:

- 302,000 Arizonans now likely qualify for health insurance through Medicaid or the ACA Marketplace *at no cost.*[17] Of these, 95,000 are current enrollees, and an additional 207,000 are uninsured adults.
- An additional 108,000 current Marketplace customers and 253,000 uninsured adults may now qualify for a low-premium plan.
- 36,102 Arizonans selected a new health insurance plan during the 2021 HealthCare.Gov Special Enrollment Period. This represents a 176% increase in selections over the same period in 2020 and a 195% increase over the same period in 2019.[18]
- Among Arizonans who took advantage of the Special Enrollment Period, 25% of new customers and 18% of returning customers enrolled in a plan costing $10 or less per month (after application of the advanced premium tax credit).
- Much of rural Arizona is considered a high-cost area for insurance coverage; the 8.5% cap on premiums as a percentage of income is especially critical in these areas.

Average ACA Marketplace premiums decreased for Arizonans thanks to the expanded subsidies enacted by the American Rescue Plan, as evidenced by the following examples:[19]

- The average monthly premium for a 45-year-old individual making $60,000/year dropped from $493/month to $425/month, saving $68/month
- The average monthly premium for a 60-year-old couple making $75,000/year dropped from $1,852/month to $531/month, saving $1,321/month
- The average monthly premium for a family of four making $120,000/year dropped from $1,394/month to $850/month, saving $544/month

The American Rescue Plan's ACA subsidies lowered monthly premiums across all types of plans offered on the ACA Marketplace. For example, the average monthly premium for a

single 55-year-old Arizonan making $55,000/year dropped as follows:[20]

- Monthly premiums for lowest-cost bronze plans dropped from $726/month to $198/month
- Monthly premiums for benchmark silver plans dropped from $925/month to $390/month
- Monthly premiums for lowest-cost gold plans dropped from $1,175/month to $640/month

Medicaid and CHIP: Adaptations and improvements offered by ARPA

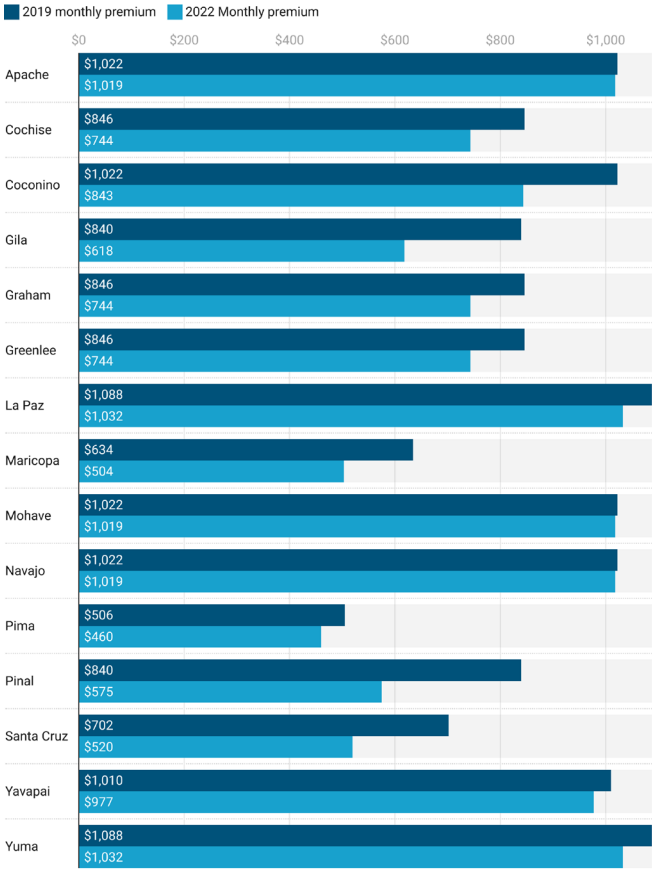
Arizona's Medicaid and CHIP programs – AHCCCS and KidsCare, respectively – continue to serve an important role throughout the state. AHCCCS pays for roughly half of births in Arizona.[21] Together, AHCCCS and KidsCare provide quality health coverage to nearly a third of Arizona children in total, but in 2019 these programs covered roughly 47% of American Indian/Alaska Native children and 46% of Latinx children[22]/[23] (see footnote for additional information[24]).

The ARPA didn't just make health care through the ACA Marketplace more affordable. It also included key provisions and flexibilities to improve coverage and promote health equity through Medicaid and CHIP.

Medicaid and CHIP coverage in childhood has well-documented economic and health benefits that extend far into adulthood and to future generations of children. Despite the strong return on investment, Arizona's high rate of uninsured children, and a large population of children likely to qualify based on income, the state has done little to promote enrollment in AHCCCS and KidsCare. Arizona has among the lowest income eligibility thresholds for its CHIP program in the nation at just 205% of the

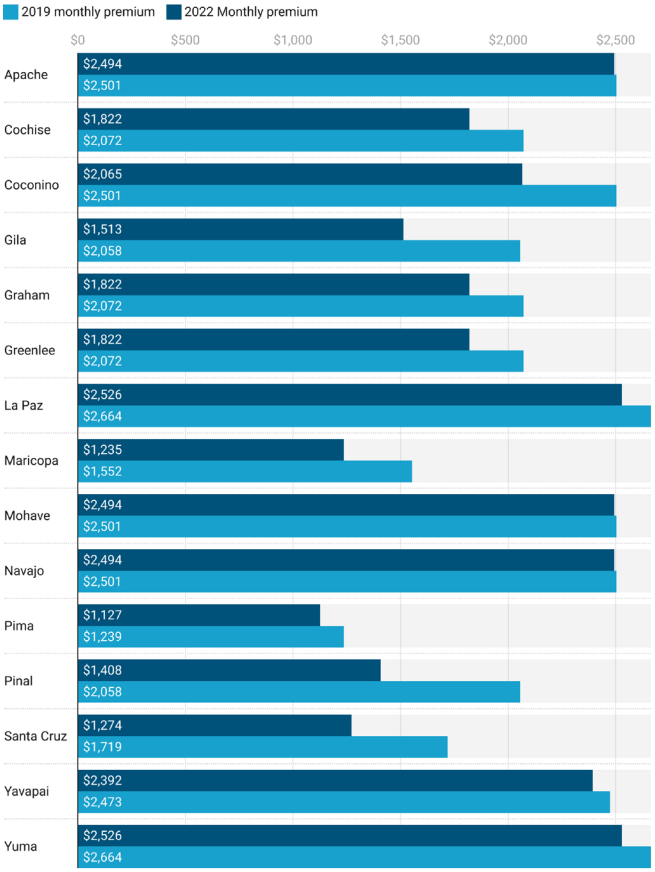
Healthcare Premiums Down in Every Arizona County

Monthly Premium Cost ($), 2019 vs. 2022. Household 1 adult, 1 child.



Healthcare Premiums Down in Every Arizona County

Monthly Premium Cost ($), 2019 vs. 2022. Household 2 adults, 3 children.



Federal Poverty Level. The state discourages eligible families from switching from a more expensive health insurance option to KidsCare by requiring applicants to go uninsured for three- months before they can enroll. The state has not adopted the Immigrant Children's Health Improvement Act (ICHIA) option, which would allow AHCCCS and KidsCare to cover lawfully present immigrant children who have not yet resided in the United States for five years, nor has it invested state funds to cover immigrant children who do not qualify based on immigration status (such as DACA participants).

Neither AHCCCS nor KidsCare allow for continuous eligibility for children, so families must regularly submit paperwork documenting household income or risk losing coverage. Small income variations, such as a month with three paydays or a week where a parent picked up an extra shift, can result in coverage loss without a continuous enrollment provision. And despite AHCCCS paying for the lion's share of births in the state, coverage for birthing individuals who are ineligible based on income or citizenship ends when they leave the hospital. For those who do qualify, coverage extends just 60 days postpartum, which provides low-income parents precious little time to seek substantive help with lactation, postpartum mental health concerns, or birth spacing.

"It's so difficult to apply and get approved! Everything has gotten more expensive, but they still count your income like they did before. It is what it is, and it's hard."
– XX, age 57, recently disabled by a workplace injury

The ARPA has made it easier for states to modify their Medicaid programs in pursuit of health equity. Though Arizona has expanded its Medicaid program, advocates recognize the importance of these incentives in addressing coverage gaps that disproportionately impact women and people of color in non-expansion states. This legislation further incentivized holdout states to expand their Medicaid programs and remedy systemic barriers to care.

"After we lost KidsCare, we paid out of pocket for about two years. We paid over $3,000 dollars a year just for medication, not including the appointments, which were $60 dollars a month. That's a lot of money for us."
– XX, mom of 2

In addition, the ARPA:[25]

- **Makes it easier for states to extend postpartum Medicaid coverage to a full year after the end of pregnancy.** Recent data from the Arizona Department of Health Services demonstrates trends in maternal mortality and morbidity across the state.[26/27] In Arizona, Black, Indigenous, and Latinx individuals experience disproportionately high rates of death or severe illness during and after pregnancy. Though they account for just 6% of all births in the state, American Indian / Alaska Native birth parents are four times as likely to die during or in the first year after pregnancy in Arizona. Across all racial and ethnic groups in the state, nearly 80% of pregnancy-associated deaths are deemed preventable. Extending 12- months of postpartum Medicaid coverage would save lives by helping new parents seek the care they need, when they need it, without fear of financial devastation.
- **Support for home and community- based services.** The ARPA includes enhanced federal payment parameters to support improvements to expand home and community-based services, which provide critical care to older adults and people with disabilities.
- **Prescription drug rebate reform.** The ARPA removed the existing cap on prescription drug rebates in Medicaid, which would allow an additional $14 billion over ten years in rebates to flow back into the federal coffers[28] and likely another $7 billion to states as well.
- **Provider relief payments.** The COVID-19 pandemic slowed participation in routine and preventive medical care. In rural and otherwise medically- underserved areas,

this has had a devastating impact on clinic and health system finances. Provider relief payments have allowed rural Arizona health providers to stay afloat despite reduced patient activity and to continue to serve remote parts of the state.

Next steps and opportunities

Arizona's legislature requires AHCCCS to request expenditure authority for initiatives costing more than $150,000. This limits the ability of the agency or the executive branch to innovate or take advantage of federal flexibilities, particularly in this divided political environment. Additional action is needed at the state level to realize the full potential of these policy changes. Arizona lawmakers should promote a robust health and economic recovery for families by:

- Extending postpartum AHCCCS coverage to 12- months after pregnancy;
- Offering 12-month continuous eligibility for children enrolled in AHCCCS and KidsCare;
- Increasing income eligibility for pregnant people and KidsCare participants; and
- Removing the three-month bare period for KidsCare and other administrative barriers to enrollment.

When enacted, the Build Back Better package could require states to extend postpartum Medicaid coverage and provide 12-month continuous enrollment to children enrolled in Medicaid and CHIP programs, but Arizona can take state action now to ensure these changes happen quickly. Investing in Medicaid and CHIP at the state level will help Arizona families stay connected to health coverage while the state recovers and regains lost jobs.

Conclusion

The American Rescue Plan Act has laid the groundwork for high-quality, affordable health coverage. But Congress' work isn't done. Looking forward, federal policymakers can continue to build upon the success of the ACA and ARPA by making ARPA affordability provisions permanent, dismantling systemic inequities in access to care, and requiring states to invest in social infrastructure for a healthy future.

Endnotes

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