



## Strengthening our Response: Make Coverage Affordable

### Summary

While the Affordable Care Act (ACA) opened the door to health coverage for millions of people – many for the first time – it was only a first step to advancing a more equitable health care system.

Unaffordable coverage and care remain a [widespread problem](#), continuing to disproportionately affect low-income people, especially people of color. Our country's reliance on tax-subsidized employer-sponsored insurance and our history of race-based employment discrimination, mean these groups are particularly likely to lack affordable coverage or be exposed to crippling medical debt.

The economic effects of the pandemic, especially widespread unemployment and financial insecurity, will seriously impact people's ability to pay for insurance. The essential workers of this pandemic, who are often people of color or immigrants, are disproportionately likely to struggle with affording health care coverage and insurance in their moment of need.

The recently introduced Patient Protection and Affordable Care Enhancement Act, proposes important steps to make coverage more affordable in addition to other important provisions that strengthen the Medicaid program. This proposal is a strong step forward but more can be done as we discuss in this [issue brief](#) on premium affordability.

### The Problem

Health care and coverage was unaffordable for millions even before the COVID-19 pandemic, with many facing [underinsurance](#), [forgoing insurance](#) if the premiums were too high, [avoiding or delaying care](#) due to costs, or sacrificing other life necessities. And essential workers – those on the front lines risking their health – are among those in this country most likely to struggle with affording health care coverage and insurance. A snapshot of essential workers, including [long term care workers](#), [grocery workers](#), [retail employees and cashiers](#), and [building cleaners, janitors, and groundskeepers](#) demonstrates that they face low wages, high rates of uninsurance, and are likely to be people of color and immigrants.

### The Solution

Congress has proposed some steps in the right direction. The [HEROES Act](#) and the recent Patient Protection and Affordable Care Enhancement Act ([H.R. 1425](#)) both include some provisions to address the problem of affordability of health coverage for consumers. In particular, H.R. 1425 makes significant improvements to the ACA affordability schedule and offers an important roadmap to increasing affordability, recognizing that more should be done. The bill increases and smooths out subsidies for consumers earning 150-400% of the federal poverty level (FPL), lifts the cap for those earning above 400 FPL and sets premium at \$0 for people at or below 150% FPL. According to a [recent analysis](#) of unemployment scenarios, over 6 million people will enroll in Marketplaces plans – or 25 percent of the uninsured due to COVID-19. The additional assistance proposed in the ACA Enhancement Act would make coverage much more affordable for these people and enhance their economic security at a time of distress.

While the Patient Protection and Affordable Care Enhancement Act does not solve all dimensions of affordability it does move us closer to affordable health care coverage. Importantly, it is a reminder that without further action, health insurance coverage will remain out of the reach of [many across the country](#) if they are also to afford the minimal other essentials necessary to live.

Going forward Congress should:

- **Implement better affordability tax credits for people without employer-sponsored insurance.** Over [3.8 million Americans have filed for unemployment](#) as a result of the pandemic, highlighting the need to protect workers who lack the importance of improving affordability for those who lack ESI. Better affordability tax credits for people without ESI is a good first step. Such proposals have won [widespread support](#) across the political spectrum.
- **Eliminate premiums for all with income below 200% FPL.** Community Catalyst's [issue brief](#) shows why national policymakers seeking to improve health care affordability should eliminate premiums at least for those with income below 200 percent FPL. Otherwise, people all across the country – including essential workers – will be forced to choose between maintaining health coverage and affording the other necessities for a minimally adequate standard of living.
- **Cap premiums at a percentage of income.** One limitation of the ACA is that it did not address coverage affordability for people with incomes above 400% FPL. This left many middle aged and older adults without affordable coverage options and has been used as a justification for the renewed sale of junk insurance. Rather than creating an arbitrary cutoff point at the top of the subsidy scale, we recommend that assistance extends to anyone who would have to pay an excessive portion of their income in premiums.
- **Adopt a gradual sliding scale for affordability that avoids economic disincentives for low-income households and large “cliffs.”** To improve equity and rationality Congress should taper financial support more smoothly and gradually and avoid imposing excessive effective marginal tax rates as people's income rises. A progressive sliding scale would better align premiums with ability to pay, avoid undue hardship for individuals and families with lower incomes and create a standard that does not create a disincentive for people to earn additional income.

### Go Deeper

[Health Care Affordability and COVID-19](#), May 2020 Policy Brief

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