



## American Rescue Plan

The House of Representatives just voted to approve the \$1.9 trillion coronavirus relief package called The American Rescue Plan. The Senate passed the bill over the weekend and it will now go to President Biden, who is expected to sign it before his address to the country tomorrow night.

Almost a year to the day after the Trump Administration provided emergency rules to extend the COBRA-election period, The American Rescue Plan will now provide 100% COBRA subsidies from April 1 to September 30, 2021. HHS, Treasury and the DOL under Biden are now tasked with providing guidance as to how the full COBRA subsidies will be administered.

The American Rescue Plan also increases ACA subsidies available to individuals in the exchange by capping the cost of premiums at 8.5% of household income for the benchmark plan. Subsidy enhancements will be retroactive to the start of 2021. Individuals who are currently enrolled in an exchange plan will be able to start claiming any extra subsidy immediately, or they can wait and claim it on their 2021 tax return. The additional premium subsidies will extend through 2022.

Families will benefit from an increase in the standard tax deduction for children, along with an increase in the amount that can be set aside for a dependent-care FSA. For 2021, the increased threshold is \$10,500 in a dependent-care account instead of the normal \$5,000. Employers must adopt this provision in order for employees to increase their elected funds for their dependent-care FSA -- it is not mandatory for them to do this.

An additional \$7.5 billion was approved for the Paycheck Protection Program, along with new provisions that will extend the program to larger nonprofits and other organizations that did not qualify previously. Businesses will also benefit from the extension of the Employee Retention Credit through 2021.

Other provisions include: incentives for states to expand Medicaid; an elimination of the Medicaid drug rebate cap; \$1,400 in direct stimulus payments; \$350 billion in state and local aid; funding for COVID-19 vaccine distribution and testing; an extension of boosted unemployment benefits at \$300 per week through September 6; and \$47.8 billion for implementation of a national evidence-based testing strategy.

We are expecting more action from Congress and the Administration to address other aspects of the pandemic and to put regulations in place in order to implement certain aspects of The American Rescue Plan. For updates, be sure to regularly check your email for NAHU's Monday COVID-19 News and Friday Washington Update, NAHU's social media channels and [www.nahu.org](http://www.nahu.org). We also encourage you to contact insurance carriers, check plan documents and state law, and consider the needs of your clients as coverage decisions are being made.

NAHU staff will discuss The American Rescue Plan on this week's edition of the Healthcare Happy Hour podcast available on iTunes, Spotify and Stitcher, and we will provide a thorough review of The American Rescue Plan during next week's Compliance Corner webinar. The webinar will take place on March 18 at 1:00 p.m. ET, and you can register for the event [here](#).