

The American Rescue Plan Act of 2021

OVERVIEW

On March 11th, President Biden signed into law the American Rescue Plan (ARP) Act of 2021, an approximately \$1.9 trillion relief package aimed at addressing the nation's dual COVID-19-related public health and economic crises. The Senate passed an amended version of the original bill on March 6th, and the House approved that version on March 10th, both largely along party lines.

This document summarizes major aspects of the law. The full legislative text is available [here](#).

ECONOMIC STIMULUS

Individuals and Households

The ARP provides a direct payment of \$1,400 per person to single filers with incomes up to \$75,000, head of household filers with incomes up to \$112,500, and joint filers with incomes up to \$150,000. The payment is completely phased out for single filers making \$80,000, head of household filers making \$120,000, and joint filers making \$160,000. The 2020 year-end Consolidated Appropriations Act provided for a direct payment of \$600 per person (with higher phase-out thresholds), thereby bringing total direct payments to \$2,000 per person for those who qualify for the full amount(s).

The ARP also extends the Pandemic Unemployment Insurance program's weekly federal unemployment insurance bump of \$300 through September 6, 2021. It also exempts up to \$10,200 in unemployment benefits received in 2020 from federal income taxes, for households making less than \$150,000.

The ARP makes the child tax credit fully refundable for 2021 and increases the annual amount from the current \$2,000 per child to \$3,000 per child (\$3,600 for a child under age 6). The full advance payment will be available to single filers earning up to \$75,000, head of household filers earning up to \$112,500, and joint filers earning up to \$150,000. Payments are phased down above these thresholds. Advance payments would begin on July 2, 2021. In addition, the law increases the amount of child and dependent care expenses that are eligible for the Child and Dependent Care Tax Credit to \$8,000 for one qualifying individual and \$16,000 for two or more qualifying individuals. Maximum credits would now be \$4,000 and \$8,000.

For childless adults, the law raises the maximum Earned Income Tax Credit (EITC) from roughly \$530 to close to \$1,500, raises the income limit for the credit from about \$16,000 to about \$21,000, and eliminates the age cap for older workers, for 2021.

States and Local Governments

The ARP provides \$350 billion for coronavirus relief funds for states (\$195.3 billion), localities (\$130.2 billion), U.S. Territories (\$4.5 billion), and Tribal Governments (\$20 billion). In addition, the law creates a \$2 billion fund to be distributed by the Secretary to eligible "revenue sharing counties," defined as including D.C. and Puerto Rico (\$750 million per year for two years) and tribes (\$250 million per year for two years) that are affected by a negative revenue impact from federal activities in the area. Finally, it creates a \$10 billion Critical Infrastructure Projects fund to help states, territories, and Tribal

Governments carry out critical capital projects directly enabling work, education, and health monitoring in response to COVID-19.

States must certify that funds will be used to respond to COVID-19 (hazard pay, lost revenue, infrastructure, etc.), and will not be used for pension payments or to offset any reductions or delays in taxes. Payment to States will be made within 60 days of the enactment of the ARP. The Secretary may withhold up to 50 percent of the allocated amount for up to one year, based on the unemployment rate in the State. The remainder will be paid to the State upon a second certification. For cities and local governments, funds will be paid in two equal tranches. Funds will be available through December 31, 2024. The final state and local allocation outputs may be found [here](#). For New York State:

- The State government receives \$12.57 billion;
- New York City and its boroughs receive \$5.95 billion;
- All other local governments receive a total of \$4.923 billion; and
- The State is eligible for \$353 million for capital projects.

HEALTH INSURANCE PROGRAMS

ACA and COBRA

The ARP makes all families, including those with income above 400% of the poverty line, eligible for individual insurance market subsidies in the Affordable Care Act (ACA). The premium cap is also lowered across all income levels. Households with incomes below 150% of the poverty line will pay no premiums for a silver plan (compared to 4% of income today), while those with income of 400% of the poverty line will be capped at 8.5% of income. These increased subsidies are available through 2022.

Any individual who receives unemployment at any point in 2021 will be treated as if their income were 133% of the poverty level for the purposes of the ACA marketplace subsidy (eligible for an ACA silver plan at zero premium) for one year. This includes both premium tax credits and cost-sharing reductions.

The law also provides a 100% subsidy for individuals who lose their job and choose to use COBRA to continue their existing employer-sponsored coverage, for six months.

Medicaid

The ARP requires coverage of COVID-19 vaccines and treatments in the Medicaid program at zero cost-sharing and increases the Federal Medical Assistance Percentage (FMAP) to 100% for vaccine administration, through one year after the end of the Public Health Emergency (PHE). It would also create a state option to provide the same coverage for the uninsured through the PHE.

The ARP also offers states a one-year FMAP increase of 10 percentage points to make improvements to Medicaid home- and community-based services (HCBS). These include home health, personal care, Programs of All-Inclusive Care for the Elderly (PACE), HCBS authorized under a Section 1115 or 1915 waiver, case management and targeted case management, rehabilitative services (including those related to behavioral health), and others as specified by the Secretary of Health and Human Services (HHS). In New York, SPG estimates that this would amount to funding of \$1.5 billion or more.

These funds must be used to “supplement, and not supplant” the level of State funds expended for HCBS in effect as of April 1, 2021. States will also be required to implement one or more activities to enhance HCBS in their Medicaid program, although the list of such activities in prior versions of the bill has been removed.

Other Medicaid provisions in the law include:

- Allows states to extend Medicaid eligibility to women for 12 months postpartum during a five-year period starting in April 2022;
- Allows states to provide Medicaid coverage of community-based mobile crisis intervention services during a five-year period starting in April 2022, with an 85% FMAP for the first three years; and
- Eliminates the cap on the maximum rebate amount for single source drugs and innovator multiple source drugs under Medicaid, starting in calendar year 2024.

For states that have not expanded Medicaid under the ACA, the ARP increases the state's base FMAP by five percentage points under the ACA for two years if they choose to newly cover the entire expansion population (adults with incomes of 138% or less of the poverty line). This increase is across the entire Medicaid population, not only the expansion group.

HEALTH CARE PROVIDERS

Hospitals

The ARP creates a new \$8.5 billion relief fund for rural providers. The funding is separate from the existing Provider Relief Fund (PRF), but eligible providers will not receive duplicate payments based on the same lost revenues and expenses.

The ARP establishes a minimum wage index for hospitals in all-urban states for purposes of Medicare hospital payments, beginning October 1st. This change affects Delaware, New Jersey, and Rhode Island.

The ARP includes a Medicaid Disproportionate Share Hospital (DSH) cap fix to temporarily increase DSH allotments in alignment with the enhanced FMAP provisions through the end of the PHE.

The ARP creates a \$500 million Emergency Rural Development Grants fund for rural health care. Within 150 days of the enactment of the law, the Department of Agriculture will make these funds available to facilities that serve low-income rural areas to support COVID-19 response activities, reimburse for lost revenue, increase telehealth capacity, and otherwise respond to COVID-19 through rural development.

Ambulances

The ARP grants HHS the authority to waive the Medicare requirement that ground ambulance services must include the transport of an individual to another location. As such, the ambulance may bill for treatment in place to an individual who would have been eligible for transport, but was not transported owing to EMS protocols under the COVID-19 public health emergency.

Skilled Nursing Facilities

The law includes two provisions specifically for skilled nursing facilities coping with the challenges of COVID-19:

- \$500 million to deploy strike teams to help nursing home facilities manage outbreaks of COVID-19 when they occur; and
- \$200 million to the HHS Secretary to carry out infection control support related to COVID-19 in skilled nursing facilities through quality improvement organizations.

Mental and Behavioral Health

The ARP includes multiple provisions aimed at expanding behavioral and mental health services. These include:

- \$1.5 billion for the Substance Abuse Prevention and Treatment block grant program;
- \$1.5 billion for the Community Mental Health block grant program;
- \$420 million for certified community behavioral health clinics (CCBHCs);
- \$280 million for programs that support mental and behavioral health and prevent burnout among health care providers and safety health officers;
- \$100 million for the Health Resources and Services Administration's (HRSA) behavioral health workforce education and training (BHWET) grants; and
- \$80 million specifically for the Pediatric Mental Health Care Access Program at HRSA.

Funding to Address Health Disparities

The ARP includes multiple provisions aimed at addressing health disparities and protecting vulnerable populations. These include:

- \$7.6 billion for Section 330 grants for federally-qualified health centers (FQHCs);
- \$1.4 billion through the Older Americans Act for older adults struggling during the pandemic;
- \$800 million for the National Health Service Corps to support primary care and diversifying the workforce;
- \$240 million for the Nurse Corps Loan Repayment Program;
- \$330 million for Teaching Health Centers; and
- \$150 million for the Maternal, Infant, and Early Childhood Home Visiting Program.

GOVERNMENT AGENCIES AND PUBLIC HEALTH

Vaccines and Testing

The ARP provides:

- \$7.5 billion to the Centers for Disease Control and Prevention (CDC) for COVID-19 vaccine distribution, including certain supplemental funding to states;
- \$6.05 billion for the supply chain for COVID-19 vaccines, therapeutics, and supplies, carried out through the Biomedical Advanced Research and Development Authority (BARDA);
- \$1 billion to the CDC to undertake a vaccine awareness and engagement campaign; and
- \$500 million for the Food and Drug Administration (FDA) for COVID-19 vaccine and therapeutic-related activities, including ongoing evaluation of efficacy.

The ARP also provides \$47.8 billion to implement a national strategy for testing, contact tracing, and mitigation, and for manufacturing, procurement, distribution, and administration of tests, including necessary personal protective equipment (PPE) and supplies. Specifically, the law provides \$10 billion through the Defense Production Act to boost domestic production of critical PPE, secure supply chains and increase capacity for vivaccine production, and to help onshore production of rapid COVID-19 tests.

The law also provides \$1.75 billion for genomic surveillance to detect and respond to emerging strains of SARS-COV-2.

Federal Emergency Management Agency (FEMA)

The ARP includes \$50 billion for the Disaster Relief Fund for reimbursements to state, local, and Tribal and territorial governments dealing with ongoing response and recovery efforts such as vaccination, National Guard deployments, and providing PPE to frontline workers. As outlined in a [February statement](#), FEMA will pay 100% federal funding for eligible activities performed between the start of the pandemic in January 2020 and September 30, 2021.

The ARP also provides \$400 million in new funding for the Emergency Food and Shelter Program, \$300 million for FEMA Firefighter grants, and \$100 million of humanitarian relief for communities and organizations helping migrant families and individuals.

Public Health Workforce

The law provides \$7.6 billion to public health departments to hire 100,000 additional full-time employees into the public health workforce, including contact tracers, community health workers, epidemiologists, or others required to respond to COVID-19.

Indian Health Service

The law includes \$6 billion in overall funding to the Indian Health Service to address pandemic health needs. This specifically includes \$1.5 billion for testing, tracing, and mitigation, \$600 million for vaccine-related activities, \$120 million for mental and behavioral health prevention and treatment programs, and \$240 million for public health workforce needs.

OTHER PROVISIONS

Employers

The ARP includes \$7.25 billion in additional funding for the Paycheck Protection Program (PPP) and expands eligibility to most categories of 501(c) nonprofits, with some exceptions, including 501(c)(4) social welfare organizations and any entity that receives more than 15 percent of its receipts from lobbying activities. It also expands eligibility to larger nonprofit organizations if the organization employs not more than 500 employees per physical location of the organization (or 300 employees per physical location, for newly eligible types of 501(c) nonprofits).

The law also includes an additional \$15 billion for the Economic Injury Disaster Loan (EIDL) Program, for targeted EIDL Advances to help those who applied for relief in 2020 but did not receive the full \$10,000 grant.

The law extends the Employee Retention Credit, created by the CARES Act, through December 31, 2021, and expands the credit to include employees who are working but whose businesses have suffered a significant revenue loss.

The law also extends the payroll tax credit for employers created by the Families First Coronavirus Response Act through September 30, 2021. The provision helps employers defray the costs of the paid sick leave and paid family and medical leave required for employees affected by the COVID-19 pandemic under that Act.

Education

The ARP includes \$122.8 billion to be available through September 2023 for the Elementary and Secondary School Emergency Relief Fund. Funds will be allocated to States to be subgranted to local schools to address learning loss and perform other educational activities.

It also includes \$39.6 billion for allocations to institutions of higher education, supplementing the aid provided in the 2020 year-end Consolidated Appropriations Act.

Housing

The ARP provides \$22.5 billion for emergency rental and utility assistance, and \$5 billion for emergency vouchers to transition those experiencing or at risk of homelessness, survivors of domestic violence, and victims of human trafficking to stable housing. It also provides \$10 billion for the Homeowner Assistance Fund that allocates funds to state, territories, and tribes to provide direct assistance with mortgage payments, property taxes, property insurance, utilities, and other housing related costs. In addition, the law provides \$4.75 billion for state and local governments, through the HOME Investment Partnership program, to finance supportive services, affordable housing, and the acquisition of non-congregate shelter spaces for homeless individuals.

Veterans

The law eliminates copays and cost-sharing for preventive treatment or services for veterans related to COVID-19 going back to April 2020 and authorizes the Veterans Administration (VA) to reimburse those veterans who already submitted payments for their care during this period. In addition, the bill provides nearly \$400 million for up to 12 months of retraining assistance (including a housing stipend) for veterans who are unemployed as a result of the pandemic and who do not have access to other veteran education benefits. The law also provides more than \$14.5 billion to the VA for programs related to suicide prevention, women's health services, telehealth expansion, and medical facility improvements. It also provides emergency paid sick leave for VA's frontline and essential health workers.