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## President Biden Signs Legislation Extending Enhanced ACA Subsidies

On Aug. 16, President Joe Biden signed into law a \$700 billion reconciliation package after more than a year of on-again-off-again negotiations. The legislation, which was initially referred to as "Build Back Better," was drastically scaled back from its more than \$3 trillion initial price tag and renamed the Inflation Reduction Act.

In addition to containing funding for a number of energy and tax policy changes, the legislation includes several important health care provisions, including:

- A three-year extension of enhanced health insurance subsidies for plans purchased on the exchange, through 2025.
- A provision that allows Medicare to begin negotiating certain prescription drug prices, beginning with the 10 highest-costing drugs in 2023 and expanding to 20 each year by 2029.
- A cap on Medicare beneficiaries' out-of-pocket costs at \$2,000 per year.
- A provision that penalizes drug companies for raising costs on drugs in excess of inflation.
- Free coverage of vaccines such as COVID and shingles under Medicare.
- Subsidies to control growth in Medicare Part D premiums for seniors' prescription drug coverage.

The enhanced health insurance subsidies were [initially passed under the American Rescue Plan Act](#) in March of 2021 and have led to an estimated three million additional individuals enrolling in Affordable Care Act (ACA) subsidized plans as a result. They include:

- Allowing individuals between 100-150% of the federal poverty level (FPL) to pay no premiums for a marketplace plan.
- Allowing some over 400% FPL to begin qualifying for subsidies.
- Reducing the cost of premiums at every income level by lowering premium percentage.
- Subsidizing 100% of the cost of COBRA plans to allow individuals and families to remain on their previous employer plans after losing their job.

Contact WHA Vice President of Federal and State Relations [Jon Hoelter](#) with questions.

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