

Q&As on the American Rescue Plan – Enhanced Federal Tax Credits

Q: I read that under the American Rescue Plan (COVID relief stimulus bill) that I should get higher Premium Tax Credits than I already receive. When will that go into effect?

A: President Biden signed the American Rescue Plan into law on March 11, 2021. This law both increases tax credits for individuals who were already eligible and makes new, higher income individuals and families eligible for tax credits for the first time. These federal tax credits will lower the cost of coverage purchased through NY State of Health.

NY State of Health is working to make these new credits available to eligible consumers as soon as possible. We will inform consumers when these additional premium tax credits are available and will work to make accessing these credits as easy as possible for consumers.

Q: How can I apply for the new tax credits available under the American Rescue Plan to help pay for health insurance coverage?

A: NY State of Health is working to make these new credits available to eligible consumers as soon as possible. We will have more information about how to take advantage of these increased tax credits in the near future.

Q: Doesn't the additional premium tax credit go back to January 2021? How will I get the credit from past months?

A: Yes. Eligible consumers will be able to claim the premium tax credit for prior months when they file their Federal taxes for 2021. NY State of Health will have more information shortly.

Background Information

Previously, income eligibility for tax credits phased out at \$51,040 for an individual and \$104,800 a family of four. As a result of the American Rescue Plan, higher-income individuals and families are now eligible for tax credits. The law is designed so that no one will pay more than 8.5% of their income toward health insurance.

The value of these tax credits varies by income and where you live. For example, an individual with income of \$35,000/year in New York City was eligible for \$359/month and will now be eligible for \$478/month (\$5,700/year) on health insurance. An individual in Kings County earning \$55,000 per year who was not previously eligible for tax credits, will now receive over \$230/month (\$2,800/year) to help pay for health insurance.