

The American Rescue Plan: What Advocates for Older Adults Need to Know

MARCH 2021

(Updated 4/1/21 to include a correction regarding EITC eligibility)

On March 11, 2021, the fifth COVID-19 relief package, the [American Rescue Plan](#) (H.R. 1319), was signed into law totaling \$1.9 trillion.¹ The law provides states, local, tribal, and US territory governments \$360 billion in aid and includes a number of additional provisions and investments that will significantly improve access to health care and increase economic security for older adults during the pandemic. This analysis provides a summary of the major provisions impacting low-income older adults.

Financial Relief & Additional Supports

- **Individual Tax Rebates/Stimulus Payments.** Individuals with adjusted gross incomes up to \$75,000 (\$112,500 for Head-of-Household and \$150,000 married filing jointly) are eligible for the full stimulus payment in the amount of \$1,400 each and \$1,400 for each dependent, including adult dependents, for the first time. The amount of the stimulus payment phases out to zero for individuals making \$80,000 or more (\$120,000 for Head-of-Household filers, \$160,000 for married couples). The upper limits for eligibility for the stimulus payments are lower than prior rounds of stimulus payments. Individuals with Social Security numbers including U.S. citizens and lawfully present children and spouses in mixed-status families are eligible to receive the payment. Individuals who live in skilled nursing facilities, assisted living facilities, prisons, and other institutional settings are also eligible to receive the payments. Individuals who file taxes using an Individual Taxpayer Identification Number (ITIN) or are undocumented immigrants remain ineligible for the payments.

Recipients of Social Security (retirement, survivors, and disability benefits), Supplemental Security Income (SSI), railroad retirees, and those receiving Veterans benefits will receive their payments automatically. The IRS will issue the third round of payments based on 2020 tax returns if filed, and if not filed, 2019 tax returns, as well as information provided by individuals through the online non-filer portal used in previous rounds of stimulus payments. Those with no taxable income who do not file tax returns, or who are not in one of the categories listed above, will need to submit a form to the IRS to receive this payment.

Stimulus payments will not affect eligibility for federal means-tested programs like Medicaid, SSI, and SNAP. Those who did not receive the first or second stimulus payment, but are eligible, can still claim the payment on their 2020 tax return. [Read more here.](#)

¹ Congress previously passed the Coronavirus Preparedness and Response Act (H.R. 6074) on March 6, 2020; the Families First Coronavirus Response Act (H.R. 6201) on March 18, 2020; and the CARES Act (H.R. 748) on March 27, 2020; and the Coronavirus Relief Supplemental Appropriations Act (H.R. 133) on December 27, 2020.

- **Unemployment Insurance.** The law extends the \$300/week federal increase to unemployment benefits, which was reinstated in December 2020, through September 6, 2021. The law also makes the first \$10,200 of unemployment insurance received in 2020 non-taxable for households with an adjusted gross income under \$150,000.
- **Paid Leave.** The law extends the period of time in which employers who voluntarily provide paid leave can receive a payroll tax credit through September 30, 2021, and increases the total amount of wages an employer can claim for credit from \$10,000 to \$12,000 per employee. This tax credit applies to paid leave that employers offer for employees impacted by COVID-19 including getting the COVID-19 vaccine.
- **Earned Income Tax Credit.** Beginning in tax year 2021, the law nearly triples the maximum earned income tax credit (EITC) from \$530 to \$1,500 for childless workers, including those over age 65, and raises the income limit for the credit from \$16,000 to approximately \$21,000, impacting 17 million low-income workers.
- **Housing Assistance.** The law includes increased funding for housing assistance including emergency rental assistance, with targeted distributions to high-need communities (\$27.4 billion); funding for housing vouchers (\$5 billion); tribal and rural assistance (\$850 million); homelessness assistance (\$5 billion); and homeowner assistance to prevent foreclosure (\$10 billion). [Read more here from National Low-Income Housing Coalition.](#)
- **Utility Assistance.** The law includes \$4.5 billion to provide energy assistance through the Low-Income Home Energy Assistance Program (LIHEAP) and \$500 million for water assistance through the Low-Income Household Drinking Water & Wastewater Emergency Assistance Program.
- **Food Assistance.** The law extends the 15% increase in SNAP benefits through September 30, 2021, funds grants to Puerto Rico, the Commonwealth of the Northern Mariana Islands, and American Samoa (\$1 billion), and provides additional SNAP administrative funds to states to help meet increased caseload demand (\$1.1 billion). It also includes \$37 million in funding for the Commodity Supplemental Food Program that acts to improve the health and nutrition of low-income individuals over 60 years old and \$750 million for nutrition programs under the Older Americans Act.
- **Child Tax Credit.** The law expands the child tax credit so that financially qualifying families will receive up to \$3,000 per child aged 6-17 or \$3,600 per child under 6. This will benefit the many grandparents who are raising their grandchildren.

Health Care

- **Medicaid HCBS.** The law includes a 10% increase in federal Medicaid funding to states totaling \$12.7 billion specifically for home and community-based services (HCBS), including behavioral health. States must use the increased funding to supplement, not supplant, HCBS programs and services in effect as of April 1, 2021. This increased funding will apply to eligible HCBS spending through March, 2022.
- **Nursing Homes.** The law includes funding for states to create strike teams for resident and employee safety in nursing facilities (\$250 million) and funding for Health and Human Services to develop and disseminate protocols to prevent or mitigate COVID-19 in skilled nursing facilities (\$200 million).
- **Increased Vaccination Funding.** The law enhances funding for vaccination efforts, including targeted funding to reach communities of color, tribes, rural areas, and other underserved communities for establishing vaccine sites across the country and deploying mobile vaccination units.

- **Other Medicaid Funding.** The law also requires states to cover COVID-19 testing, treatment, vaccines, and vaccine administration for uninsured individuals, including immigrants eligible for emergency Medicaid, and includes 100% federal funding for this coverage. In addition, the law increases federal funding for Medicaid mobile crisis intervention teams to 85%.
- **Medicaid Expansion Incentive.** The law would provide any state that decides to expand Medicaid an additional 5% increase in federal funding for two years for older adults and other populations states are already required to cover. This is in addition to the 90% federal funding for the expansion population authorized under the Affordable Care Act. There are currently twelve states that have not expanded their Medicaid programs (AL, FL, GA, KS, MS, NC, SC, SD, TN, TX, WI, WY).
- **Marketplace Premium Assistance.** The law expands and increases premium assistance for individuals purchasing health insurance on the marketplace for the next two years. Under the law, no one will have to pay more than 8.5% of their income on the marketplace. This change particularly helps older adults under age 65 with moderate incomes who pay increased premiums based on age. Additionally, individuals with incomes below 150% of the federal poverty level will pay no premiums and anyone who receives unemployment benefits in 2021 will be able to purchase a silver plan on the marketplace with no premium. Finally, anyone who received advanced premium tax credits (APTCs) in 2020 will not have to pay back any credits that they were not eligible for due to a change in income. Individuals who already paid back excess APTCs to the IRS should be eligible for a refund.
- **COBRA Premium Assistance.** The law provides a new 60-day enrollment period and 100% coverage of premiums for COBRA insurance for individuals who lost or lose employment through September 30, 2021.

Investments in Equity

- **Aging and Disability Services.** The law provides \$1.4 billion increased funding for programs under the Older Americans Act including \$460 million for supportive services, including COVID-19 vaccine outreach and coordination and efforts to address social isolation; \$25 million for services for Native American communities; \$44 million for evidence-based health promotion and disease prevention programs; \$145 million for the National Family Caregiver Support Program; and \$10 million for the Long-Term Care Ombudsman Program. The law also includes \$276 million to fund the Elder Justice Act and \$50 million for grants to public transit systems to improve transportation access for older adults and people with disabilities.
- **National Center for Grandfamilies.** The law provides funding to create a new technical assistance center for grandfamilies and kinship families to provide training, technical assistance, and resources to government programs, community-based organization, and Tribes and Tribal organizations that serve grandfamilies and kinship families in which the primary caregiver is an adult age 55 or older or the child has one or more disabilities.
- **Native American Language Preservation.** The law includes \$20 million for Native American elders to preserve Native American languages that have diminished due to COVID-19.
- **Community Health Centers & Indian Health Service.** The law includes \$7.6 billion in funding for Community Health Centers to respond to COVID-19 and \$.3.5 billion for the Indian Health Service.
- **Farmworker Equity.** The law includes \$5 billion in assistance to support disadvantaged farmers with financial training, property issues, training the next generation of farmers, and with land access. It is estimated that one quarter of disadvantaged farmers are Black.