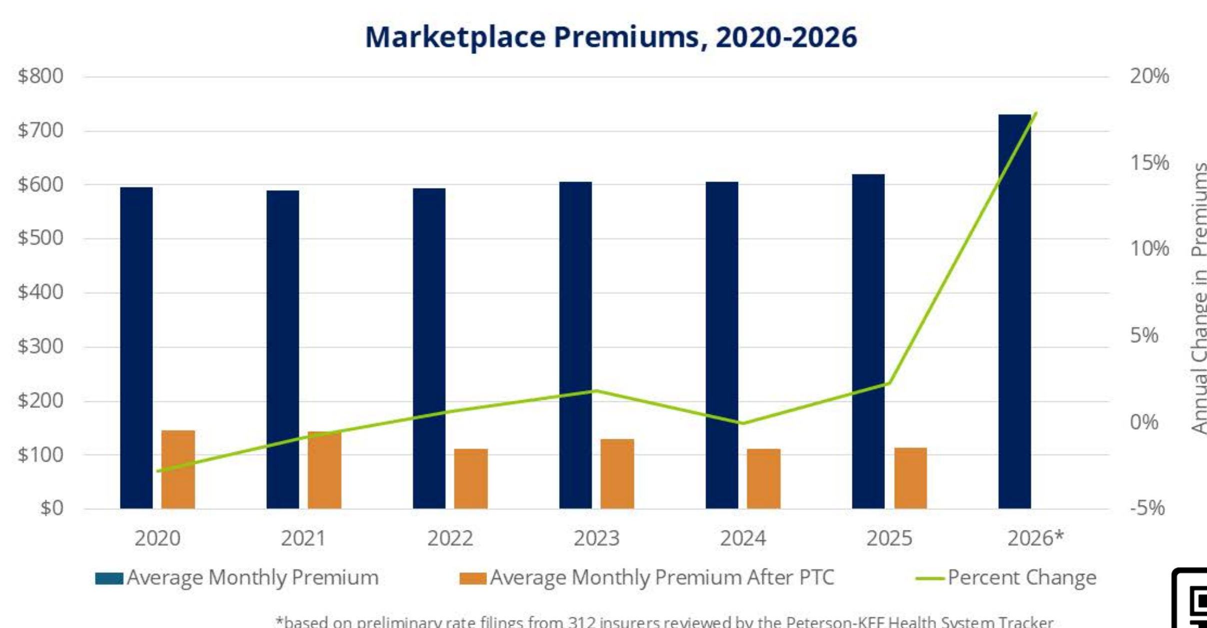
ISSUE BRIEF

Extension of Affordable Care Act Enhanced Premium Tax Credits

BACKGROUND

Enhanced Patient Protection and Affordable Care Act (ACA) premium tax credits (PTCs) will expire on Dec. 31, 2025, threatening a loss of health insurance coverage and increased premium rates for millions of Americans. Congress established PTCs to assist eligible households with reducing their premium payments for qualified health plans offered through health insurance exchanges. Originally limited to households with incomes between 100% and 400% of the federal poverty level (FPL), the premium tax credit was expanded in 2021 by eliminating the maximum income limit of 400% and reducing the applicable percentage utilized in calculating the premium contribution, leading to increased support to cover the cost of their insurance.

Since their enhancement, PTCs have helped double the number of Americans enrolled in the Health Insurance Marketplace from 12 million to 24.2 million enrollees. In 2024, the average marketplace enrollee saved an estimated $705—a 44% reduction in premium costs—due to the enhancements. Enhanced subsidies are most beneficial for low-income and rural patients—increasing enrollment twofold from 2021 to 2024 among those with incomes below 250% of the FPL—while reducing the burden of traditionally higher benchmark premiums that rural patients often face. The increase in enrollment spurred by the enhanced PTCs has also resulted in record low uninsurance rates nationwide. If Congress fails to extend these premium tax credits, millions of everyday Americans may face higher premiums, increased burdens on their access to care, or a loss of their health insurance altogether.



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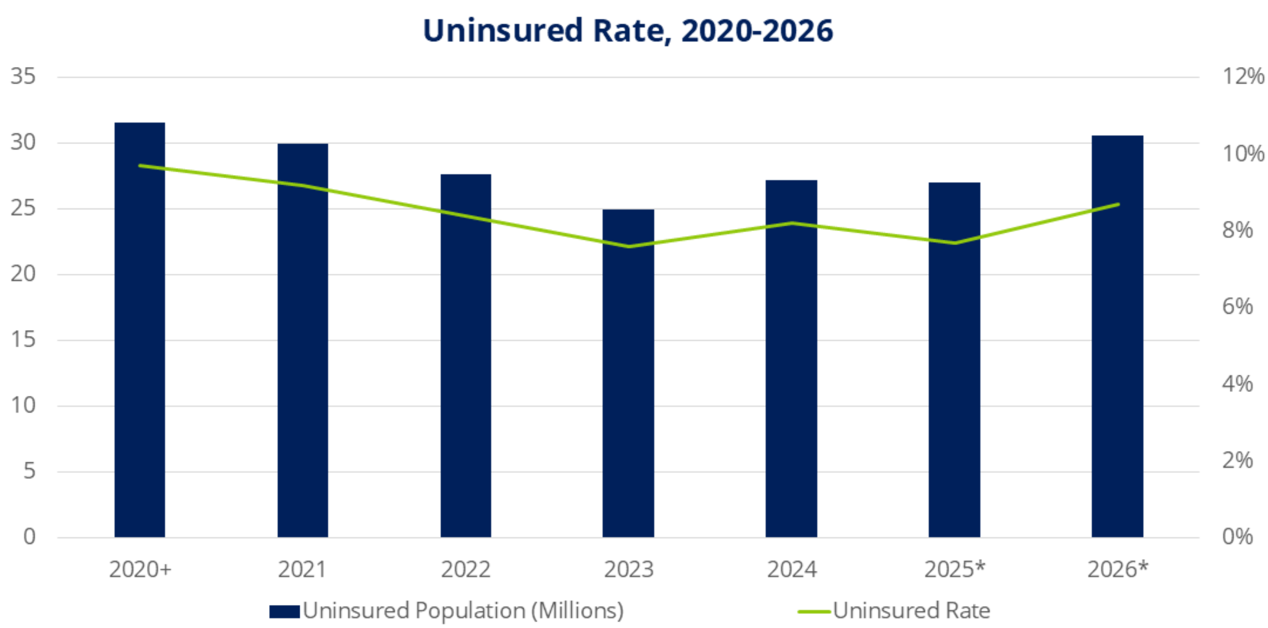
AMCP Urges Congress to Extend the Enhanced PTCs

AMCP urges Members of Congress to extend the ACA subsidies that help millions of Americans afford their health coverage. Analysis from the Kaiser Family Foundation of initial rate filings for 2026 found that the median increase for marketplace premiums will be 18%, more than double the premium increase for 2025. If the enhanced premium tax credits lapse, the burden of these rising costs will fall on consumers, with the out-of-pocket spending for enrollees increasing by an average of 75% as adverse selection increases among healthier enrollees. The nonpartisan Congressional Budget Office estimates that the expiration of the enhanced subsidies will lead to 4.2 million people losing health coverage.

The expiration of enhanced tax credits would result in higher marketplace premiums for residents of every congressional district across the country. A lapse in enhanced PTCs will be particularly detrimental to states that have not expanded Medicaid. If Congress allows the tax credits to expire, states including Texas, South Carolina, Mississippi, Tennessee, and Georgia can expect to see uninsurance rates climb by 27% or higher after 2025. Nationwide, recent estimates find that the expiration of enhanced premium tax credits would increase overall uninsurance rates by 16% while reducing subsidized marketplace coverage by 42%.



*Estimates based on CMS projections
+Start of COVID-19 pandemic

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