

Action Needed to Extend Enhanced Health Insurance Tax Credits to Protect Marketplace Consumers

State-based health insurance marketplaces urge Congress to extend enhanced premium tax credits before the end of 2024. Currently, the enhanced tax credits will expire December 31, 2025. Without these credits, 21 million Americans covered through the health insurance marketplaces will face significant increases in their premiums and risk losing their health insurance coverage.

Enrollment in marketplace plans has reached a record high, with 21 million individuals currently enrolled. Since the implementation of the enhanced premium tax credit in 2021, consumers have experienced a 30 to 50 percent reduction in their premium costs. The repercussions of failing to extend the tax credits may begin as early as fall 2024, when some states will begin developing insurance products for 2026. Such repercussions include:

- Consumer confusion and “sticker shock” over significant premium increases due to loss of tax credits
- Coverage losses, especially among healthy and young consumers, who are typically more sensitive to cost increases and difficult to reengage after they disenroll
- Mispriced and overpriced health plans that reflect anticipated lower enrollment and a less healthy population mix due to the reduced affordability of marketplace plans
- Increased uncompensated care and consumer debt, leading to increased spending on charity care and financial instability for individuals and families

How Enhanced Tax Credits Impact Marketplace Consumers



A married couple in York County, Pennsylvania, making \$82,782 a year went from paying \$2,827 per month for coverage (41% of their income) to \$586 per month (8.5% of income).



A 55-year-old rural Coloradan (income \$70,000) qualifies for savings of more than \$500/month, a decrease of more than 50% in their monthly net premium.



A family of three in Caribou, Maine, making \$79,000 per year saves \$175 per month on their premiums. This family (a farmer and worker in a behavioral health clinic) will use these savings to help pay for college for their 18-year-old daughter.

Potential impacts if Congress fails to extend enhanced premium tax credits

Each state operates on its own timeline, which in some cases is codified under law or regulation. The dates below reflect the **earliest month in which a state acts**.



For more detailed information please see:

<https://statemarketplacenet.org/anticipated-impacts-if-enhanced-premium-tax-credits-are-not-extended/>