

Marketplace Health Care Tax Credits: Helping More Mainers Afford Health Coverage

May 2025



Enhanced premium tax credits, authorized in the American Rescue Plan Act of 2021 (ARPA) and extended in the Inflation Reduction Act (IRA), have made significant differences in the lives of Mainers. The enhanced health care tax credits lower the percent of income spent on premiums for most Mainers who purchase health coverage on their own. Allowing these federal tax credits to expire at the end of 2025 will result in higher health insurance premiums for Maine consumers, potentially putting health coverage out of reach for thousands of Mainers. Overall, the enhanced tax credits are saving Mainers a conservative estimate of nearly \$90 million in health care premium savings this year.

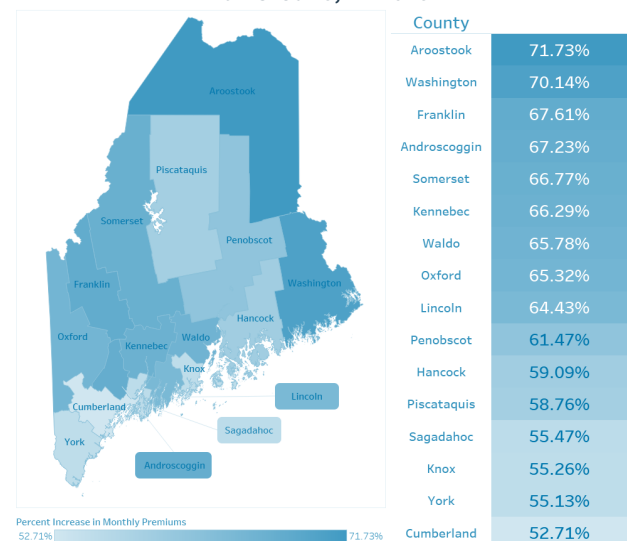
- For 2025 plan year, **54,795 Mainers enrolled in marketplace plans received advance premium tax credits**, which is 85% of all individuals purchasing marketplace plans.¹
- Among those households that receive advance premium tax credits, the **average premium before tax credits are applied is \$885**. After the tax credit is applied, the **average premium drops to \$260**, for an average savings of \$625 per month, including **nearly \$180 of savings attributable to the enhanced tax credit**.²

OUTSIZED RURAL IMPACT

Rural Maine households would be the most impacted by the ending of the enhanced premium tax credit; **Aroostook and Washington County have the highest potential increases in premiums of 70% or more**.²

- Before tax credits are applied, **Maine has some of the highest Marketplace premiums in the nation**, with the average for benchmark plans being \$545 per month; the US average is \$497.³ **Only 10 other states and the District of Columbia have premiums higher than those in Maine**.
- In total, annual premiums would increase by \$31 million for rural Mainers without enhanced premium tax credits,² adversely impacting affordable access to healthcare in these communities.

Average Premium Increases by County without Enhanced Tax Credits, PY 2025



DRAMATIC INCREASES: MIDDLE INCOME, FISHING COMMUNITIES, FAMILIES WITH CHILDREN & OLDER ADULTS

Middle-income Maine households (defined as single individuals with incomes from \$60,240 to \$75,300) **could pay an additional \$705 per month, on average, in premium costs without enhanced tax credits**, resulting in an 125% increase in their current premium costs. This premium increase represents nearly 10% of their household income.²

Digging deeper, marketplace households living in **communities with high rates of employment in the fishing and lobstering industries, older adults (age 60 and older), and households with children are disproportionately affected by the removal of enhanced support**. For these households, 11% of their annual income, on average, would be needed to support health coverage, above what is considered affordable.^{2,4}

Without these tax credits, many **Mainers will likely make the tough decision to go without health coverage or will have to cut other necessary expenditures to afford health coverage**. This will not only have a detrimental impact on the health and wellbeing of our citizens, but also on our economy.

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INCREASE IN COSTS ACROSS HOUSEHOLDS

	All Households	Fishing Communities	Older Adults	Households w/Children
Current: Percent of Income for Healthcare Coverage	6%	6%	6%	9%
No Enhanced Tax Credits: Percent of Income for Healthcare Coverage	10%	10%	11%	12%
Annual Additional Dollars Spent on Healthcare Coverage	\$88 million	\$3.3 million	\$35 million	\$15 million

A lobsterman and his family living on Chebeague Island with CoverME.gov Coverage

- He is 45, married, with 2 children and is a generational lobsterman with a household income of \$68,000 in 2024. The family is enrolled in a Bronze Plan with a \$7,200 deductible. His family's unsubsidized monthly premium is \$1,630. **He currently pays \$689 per month in premiums and receives \$941 in monthly premium tax credits.**
- **If enhanced premium tax credits were not available to his family, he would have to pay \$892 in monthly premiums, adding \$2,441 in annual expenses to his family budget.** This \$203 increase in monthly costs means he could no longer make loan payments for his boat, which is critical to the operation of his business and the income of his family. Having to choose employment over insurance coverage could lead to unexpected medical debt due to the physical nature of his job and is not a choice he should have to make.

Hypothetical scenario based on real consumer data

THE TIME TO ACT IS NOW

Unless Congress acts, the enhanced premium tax credits will expire at the end of 2025. Premium tax credits remain the simplest and most effective way to support households in need of insurance coverage. If the enhanced tax credits are not made permanent, Maine will see a serious increase in uninsured individuals, disproportionately affecting Mainers who are middle-income, older, live in rural and/or fishing communities and households with children. The impact will be magnified for households that fall into more than one of these categories.

- Insurers are preparing proposed rates to meet an August 15th rate determination and must assume a number of individuals will drop coverage due to increases in premiums, skewing their risk pools and increasing premiums even higher. It is predicted that this will increase premium rates even higher than the regular average annual increases of 11.5% we have seen over the last three years.⁵
- The tax credits strengthen the risk pool by attracting healthier consumers; magnifying the impact of reinsurance funds focused on lowering premiums for individuals and small business plans, including those who are not eligible for premium tax credits. In 2024, we received \$45.7M in federal passthrough funds that – when combined with \$25M in state funds – reduced premiums by 7% in the individual and small group markets.⁶

¹ Maine's 2025 Open Enrollment Overview. https://www.coverme.gov/sites/default/files/inline-files/2025%20Open%20Enrollment%20Overview_FINAL.pdf

² 2025 open enrollment data, as of January 15, 2025, from the Maine Office of the Health Insurance Marketplace; Maine Bureau of Insurance.

³ KFF. State Health Facts. Marketplace Average Benchmark Premiums, 2018-2025. Retrieved March 7, 2025. <https://www.kff.org/affordable-care-act/state-indicator/marketplace-average-benchmark-premiums/>

⁴ IRS. Questions and answers on the Premium Tax Credit. Retrieved March 17, 2025. <https://www.irs.gov/affordable-care-act/individuals-and-families/questions-and-answers-on-the-premium-tax-credit>

⁵ Average rate increase derived from combining averages from the Maine Bureau of Insurance yearly Membership Weighted Average Premium Average Increase data from 2023, 2024 and 2025 as found in the following locations. 2023 <https://www.pressherald.com/2022/09/01/insurance-premiums-for-maine-small-businesses-declining-in-2023/>. 2024

<https://www.maine.gov/pfr/insurance/sites/maine.gov.pfr.insurance/files/inline-files/2024-ratesummary-V1.pdf>. 2025 <https://www.maine.gov/pfr/insurance/sites/maine.gov.pfr.insurance/files/inline-files/2025-ratesummary-V3.pdf>.

⁶ "Maine Guaranteed Access Reinsurance Association: 2025 MGARA Reinsurance Program Reinsurance Parameters," Milliman, May 23, 2024.