

State Marketplace Network Reconciliation Explainer Resource Series

The House Reconciliation Bill's Impacts on Marketplaces

Section-by-Section Summary of the Impact on 24 Million Americans Enrolled in Health Insurance Marketplaces

H.R. 1, the budget reconciliation bill passed by the House of Representatives, will result in millions of Americans losing their health insurance — with enrollment in some Health Insurance Marketplaces expected to fall by half — shifting financial burden to hospitals and other health care providers through increased uncompensated care. The bill will return the U.S. to an era of excessive bureaucracy that is out of step with how most Americans access the health care services they need and will foster unaffordable premiums that prevent people from enrolling in health insurance.

The bill will add a significant burden on consumers trying to enroll in and retain their health insurance, with the imposition of new and unprecedented levels of red tape, enrollment delays, and barriers to eligibility for the premium tax credits that work to keep coverage affordable for millions of Americans. The bill also would take away the autonomy of states to run their own Marketplaces, as they have been able to do for more than a decade, by codifying new, burdensome federal requirements that create barriers to enrollment. Taken together, the reconciliation bill would dramatically reduce private health insurance coverage and raise costs for individuals and states alike.

This document outlines the Marketplace provisions in the reconciliation bill, along with the real-world impact on American consumers.

This series, produced by the State Marketplace Network, shares direct analysis from the State-based Marketplaces (SBMs) about the impact of H.R. 1 on the Marketplaces, health insurance markets, and the millions of consumers they serve.

Adding Consumer Burden and Deterring Enrollment

Takes away consumers' ability to automatically renew their private health insurance coverage, and prohibits premium tax credits while applicants submit follow-up paperwork to enroll in a health plan (Section 112201)

- Eliminates the ability of more than 22 million Marketplace enrollees to automatically renew private coverage each year, as people with employer coverage can.
- Makes it harder for people to enroll in or keep their coverage due to bureaucratic delays or interruptions in receipt of premium tax credits. For example, the bill would block families from receiving premium tax credits to cover their newborn babies, as Social Security records would not be updated quickly enough to automatically verify the baby.
- Restricts real-time access to premium tax credits (and likely coverage) for people experiencing life changes like losing a job, having a child, getting married or divorced, causing disruptions to medical care and disease management.
- Risks coverage loss among people who should qualify for premium tax credits but will be unable to afford to pay the full premium to start their enrollment while waiting for paperwork processing delays.
- Exacerbates operational concerns and consumer confusion stemming from the bill's additional requirement of a six-week open enrollment period, a significant reduction of the enrollment window for most states. The reduced window will not leave adequate time for administrative processing, and many consumers may miss the enrollment window altogether, leading to coverage losses.
- Eliminates Marketplaces' ability to rely on trusted federal and state data sources to update eligibility, instead placing additional burdens on consumers to provide information.

Increasing Consumer Costs	
Increases tax repayment for consumers and exposes lower income taxpayers to significant tax credit repayment (Section 112203)	<ul style="list-style-type: none"> Exposes consumers to <u>thousands of dollars</u> in tax credit repayments due to unexpected differences between their projected and actual annual income. <u>Marketplace consumers are more likely to experience income volatility</u>, for a variety of valid reasons including changes in household composition, and variability in hours worked.
Modifies the formula for determining an individual or family's premiums and cost-sharing in a way likely to raise consumer costs (Section 44201(d))	<ul style="list-style-type: none"> Changes current policy so consumer premiums will rise faster than their incomes. Allows insurance companies to impose an <u>additional \$900 in deductibles and other cost-sharing</u> on families with any private health insurance, <i>including 178 million Americans with employer-based insurance</i>. Increases premiums for Marketplace plans by an <u>average of \$313 in 2026 for a typical American family</u>.
Allows the Secretary of Health and Human Services to arbitrarily withhold tax credits for mid-year enrollees (Section 112202)	<ul style="list-style-type: none"> Removes opportunities for the lowest-income enrollees to sign up for coverage outside of the open enrollment period. Grants blanket authority to the Secretary of Health and Human Services to decide whether someone can get premium tax credits based on which kind of change in circumstances they experience during the year.
Allows insurers to reduce the value of their plans (Section 44201(c))	<ul style="list-style-type: none"> Allows skimpier coverage with higher out-of-pocket costs for enrollees. Reduces the amount of tax credits, thereby resulting in Marketplace consumers paying an additional \$1.4 billion in premiums.
Causes market disruption and increases consumer premiums by funding cost-sharing reductions starting in 2026, after issuers have already developed their rates	<ul style="list-style-type: none"> Restarts federal payments to insurers for reducing out-of-pocket costs for some Marketplace enrollees, which will eliminate "silver loading" and reduce premium tax credits for virtually all enrollees. Destabilizes insurance marketplaces due to rapid implementation, after the 2026 rate-setting process is underway and without sufficient time for the insurance market to adjust, resulting in further enrollment loss because of increased costs for Marketplace enrollees.

Restricting Eligibility and Enrollment Opportunities and Taking Away State Autonomy

Forces states to shorten their Open Enrollment Periods (Section 44201(a))	<ul style="list-style-type: none"> • Makes it harder for millions of Americans to enroll in coverage, with younger and healthy Americans less likely to enroll, driving up premiums for everyone else.
Forces states to give up local control over Special Enrollment Periods (Section 44201(a))	<ul style="list-style-type: none"> • Makes it more difficult for Americans to enroll in coverage and for states to manage their own insurance markets.
Eliminates premium tax credits for Marketplace enrollees below the poverty line (Section 112102)	<ul style="list-style-type: none"> • Makes coverage unaffordable for hundreds of thousands of people who will not be able to afford coverage without tax credits and will become uninsured.
Eliminates tax credits for most lawfully present non-citizens (Section 112101-112102)	<ul style="list-style-type: none"> • Eliminates premium tax credit eligibility for millions of lawfully present individuals (ex. legally present refugees, people granted asylum, and others with legal humanitarian status who have fled violence and oppression to work, live, and pay taxes in the U.S.) who have traditionally been eligible for tax credits and will no longer be able to afford coverage and may become uninsured. In some states, this will impact more than one-third of Marketplace enrollees. • Worsens market risk pools by excluding lawfully present immigrants who generally have lower health care utilization, which will likely lead to increased premium costs for all Marketplace enrollees.
Excludes recipients of Deferred Action on Childhood Arrival from the Marketplaces (Section 44201(i))	<ul style="list-style-type: none"> • Prohibits people who are younger and likely low health care utilizers from buying their own coverage, with or without tax credits, leading to increased uninsured and likely worsened risk pools.
Eliminates consumer protections and tax credits for certain gender-related medical care (Section 44201(h))	<ul style="list-style-type: none"> • Rescripts patients from accessing care and reduces tax credits for Marketplace enrollees in many states, regardless of whether or not they use gender-related care (including several services relied on by people without gender dysphoria).