

The Importance of Premium Tax Credits: Affording Health Insurance Coast to Coast



Currently, nearly 20 million people across the United States get help paying for their health coverage through premium tax credits (also known as advance premium tax credits, or APTCs), which they can use to purchase a plan through the health insurance marketplaces. These tax credits are a lifeline for people who would otherwise not be able to afford their health coverage or access health care. But if Congress does not act, this assistance will be cut, and millions of people will face losing their health insurance, delaying or skipping needed health care, or taking on medical debt they cannot afford.



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APTCs in America

Today, people seeking to purchase health insurance may qualify for APTCs if their household income is at least \$14,580 for an individual or \$30,000 for a family of four, they buy a plan offered on healthcare.gov or a state marketplace, and they do not have other options for affordable health coverage.¹ In light of the ongoing U.S. health care affordability crisis, and particularly in the wake of the COVID-19 pandemic, Congress has acted to bolster the amount of assistance available to people in recent years, increasing the premium tax credit amounts under the American Rescue Plan Act and extending those enhancements under the Inflation Reduction Act. These actions have saved individuals and families money in insurance premiums and enabled many to cut their deductibles in half.² But those enhancements are set to expire at the end of 2025, leaving many Americans at risk for significant losses.



IMPACT ON U.S. FAMILIES

In 2024, 19.7 million people across the country receive advance premium tax credits.³ The average monthly premium cost for marketplace plans is \$605, but after APTCs, the average monthly premium is \$111.¹



- » The amount that people currently pay for premiums varies by age and income, but premiums for most families and individuals will **increase significantly** if the enhanced premium tax credits are allowed to expire.⁴
- » Single individuals in their mid-40s making \$30,000 would see their premiums **increase by \$1,350 per year.**
- » Couples in their early 60s earning \$80,000 would see their premiums **increase by about \$17,500 per year.**

¹ “2024 Marketplace Open Enrollment.” The average monthly premium after APTCs solely among consumers receiving APTCs is even lower — \$74.

Number of people who would be harmed by a cut in APTC

State	Number receiving APTC
Alaska	23,436
Alabama	371,010
Arkansas	144,575
Arizona	309,366
California	1,554,271
Colorado	183,198
Connecticut	111,789
District Of Columbia	3,129
Delaware	40,409
Florida	4,096,559
Georgia	1,247,382
Hawaii	18,259
Iowa	99,630
Idaho	89,715
Illinois	355,916
Indiana	263,430
Kansas	159,923
Kentucky	62,649
Louisiana	203,693
Massachusetts	250,386
Maryland	163,796
Maine	52,401
Michigan	374,042
Minnesota	78,382
Missouri	337,708
Mississippi	280,895

State	Number receiving APTC
Montana	58,149
North Carolina	980,133
North Dakota	34,494
Nebraska	111,680
New Hampshire	46,775
New Jersey	351,652
New Mexico	46,456
Nevada	85,178
New York	205,574
Ohio	426,977
Oklahoma	266,919
Oregon	117,714
Pennsylvania	378,342
Rhode Island	31,196
South Carolina	547,213
South Dakota	50,436
Tennessee	525,633
Texas	3,357,161
Utah	349,705
Virginia	350,008
Vermont	26,592
Washington	194,683
Wisconsin	235,587
West Virginia	49,334
Wyoming	40,149

Source: Center for Medicare and Medicaid Services, 2024 Marketplace Open Enrollment Period Public Use Files, <https://www.cms.gov/files/zip/2024-oep-state-level-public-use-file.zip>, accessed May 9, 2024.



HOW TAX CREDITS HELP REAL PEOPLE: DEAN'S STORY

These tax credits are helping real people, like Dean⁵, a 34-year-old who is a self-employed designer and has had a marketplace plan for the past three years. When he first purchased a plan through the marketplace in 2021, Dean was enrolled in a high-deductible bronze plan, but he was able to switch to a more comprehensive silver plan with more cost-sharing savings after Congress increased premium tax credits. Choosing a more comprehensive plan turned out to be a critical decision because Dean was diagnosed with cancer in 2022 and needed to rely on his plan to cover treatment expenses. He currently has a plan with an affordable monthly premium (around \$80 per month) and a relatively low deductible and out-of-pocket maximum (\$1,000 and \$3,000, respectively). He was grateful to have this plan following his cancer diagnosis because the low out-of-pocket maximum allowed him to receive all of the treatments and specialty medications that he needed to recover from cancer and that he would not have been able to afford with a bronze plan. Dean's cancer is in remission, but he still has regular follow-up and checkup appointments, so the continuation of the enhanced subsidies is essential so he can receive care and stay healthy.



CALL TO ACTION

Families from coast to coast cannot be left wondering if this critical assistance will be available to them the next time they need to renew their health insurance.

**CONGRESS MUST ACT QUICKLY TO PERMANENTLY
EXTEND APTC ENHANCEMENTS.**

To find your elected officials, click here: <https://www.usa.gov/elected-officials>.

For more information, contact Cheryl at cparcham@familiesusa.org.

Endnotes

¹ “Advance premium tax credit (APTC),” HealthCare.gov, U.S. Centers for Medicare & Medicaid Services, accessed May 6, 2024 [https://www.healthcare.gov/glossary/advanced-premium-tax-credit/#:~:text=A%20tax%20credit%20you%20can,\(or%20%E2%80%9Cpremium%E2%80%9D\)](https://www.healthcare.gov/glossary/advanced-premium-tax-credit/#:~:text=A%20tax%20credit%20you%20can,(or%20%E2%80%9Cpremium%E2%80%9D).). The minimum income limits are slightly higher in Alaska and Hawaii due to those states’ poverty guidelines.

² Bernadette Fernandez, *Health Insurance Premium Tax Credit and Cost-Sharing Reductions* (Congressional Research Service, updated February 14, 2024), <https://crsreports.congress.gov/product/pdf/R/R44425>; 26 U.S. Code § 36B; “2024 Marketplace Open Enrollment Period Public Use Files: 2024 OEP State-Level Public Use File (ZIP),” U.S. Centers for Medicare & Medicaid Services, last modified March 22, 2024, <https://www.cms.gov/data-research/statistics-trends-reports/marketplace-products/2024-marketplace-open-enrollment-period-public-use-files>.

³ “2024 Marketplace Open Enrollment.”

⁴ Jennifer Sullivan, Allison Orris, and Gideon Lukens, *Entering Their Second Decade, Affordable Care Act Coverage Expansions Have Helped Millions, Provide the Basis for Further Progress* (Washington, DC: Center on Budget and Policy Priorities, updated March 25, 2024), <https://www.cbpp.org/research/health/entering-their-second-decade-affordable-care-act-coverage-expansions-have-helped>.

⁵ Name has been changed.



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