

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



Currently, nearly 22 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, increasing their premiums by over 75 percent on average, and millions of people will face losing their health insurance, delaying or skipping needed health care, or taking on medical debt they cannot afford.



# 22 MILLION

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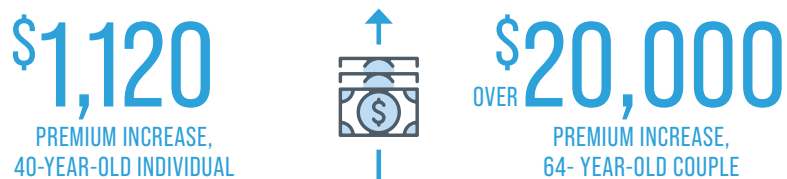
## APTCs in America

Today, people seeking to purchase health insurance may qualify for APTCs if their household income is at least \$15,060 for an individual or \$31,200 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.<sup>1</sup> 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.<sup>2</sup> But those enhancements are set to expire at the end of 2025, leaving many Americans at risk for significant losses. Four million people are expected to lose coverage entirely and become uninsured.<sup>3</sup> People of color, people in rural communities, and people in states that have not expanded Medicaid will be hit especially hard.<sup>4</sup> However, coverage losses and premium increases will be widespread and harm people of all races and ages. Further, expiring premium tax credits will have a ripple effect across the health care industry, harming state economies and causing job loss.<sup>5</sup>

### IMPACT ON U.S. FAMILIES

In 2025, 22 million people across the country receive advance premium tax credits.<sup>6</sup> The average monthly premium cost for marketplace plans is \$636, but after APTCs, the average monthly premium is \$179.<sup>i</sup>

- » 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.<sup>7</sup>



- » Single individuals in their mid-40s making \$30,000 would see their premiums **increase by \$1,120 per year.**
- » Couples in their early 60s earning \$85,000 would see their premiums **increase over \$20,000 per year.**

<sup>i</sup> “2025 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 | State          | Number receiving APTC |
|----------------------|-----------------------|----------------|-----------------------|
| Alaska               | 25,170                | Montana        | 68,707                |
| Alabama              | 457,379               | North Carolina | 919,453               |
| Arkansas             | 153,328               | North Dakota   | 38,928                |
| Arizona              | 379,185               | Nebraska       | 129,941               |
| California           | 1,751,690             | New Hampshire  | 49,757                |
| Colorado             | 225,484               | New Jersey     | 462,504               |
| Connecticut          | 133,192               | New Mexico     | 60,022                |
| District of Columbia | 4,217                 | Nevada         | 96,123                |
| Delaware             | 48,014                | New York       | 140,403               |
| Florida              | 4,601,986             | Ohio           | 529,774               |
| Georgia              | 1,398,360             | Oklahoma       | 296,735               |
| Hawaii               | 20,439                | Oregon         | 111,620               |
| Iowa                 | 120,692               | Pennsylvania   | 429,551               |
| Idaho                | 100,762               | Rhode Island   | 36,997                |
| Illinois             | 418,039               | South Carolina | 602,457               |
| Indiana              | 322,426               | South Dakota   | 51,707                |
| Kansas               | 187,387               | Tennessee      | 610,685               |
| Kentucky             | 83,518                | Texas          | 3,781,291             |
| Louisiana            | 281,548               | Utah           | 403,968               |
| Massachusetts        | 324,367               | Virginia       | 335,255               |
| Maryland             | 188,904               | Vermont        | 30,459                |
| Maine                | 54,757                | Washington     | 224,315               |
| Michigan             | 484,004               | Wisconsin      | 278,768               |
| Minnesota            | 92,489                | West Virginia  | 65,152                |
| Missouri             | 392,595               | Wyoming        | 44,423                |
| Mississippi          | 331,210               |                |                       |

Source: Source: Center for Medicare and Medicaid Services, 2025 Marketplace Open Enrollment Period Public Use Files, <https://www.cms.gov/files/zip/2025-oep-state-level-public-use-file.zip>, accessed July 24, 2025.



## HOW TAX CREDITS HELP REAL PEOPLE: DEAN'S STORY

These tax credits are helping real people, like Dean<sup>8</sup>, 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](mailto:cparcham@familiesusa.org).

## Endnotes

<sup>1</sup> “Advance premium tax credit (APTC),” HealthCare.gov, U.S. Centers for Medicare & Medicaid Services, accessed July 25, 2025 [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)) and 2024 federal poverty guidelines, <https://aspe.hhs.gov/sites/default/files/documents/7240229f28375f54435c5b83a3764cd1/detailed-guidelines-2024.pdf>. The minimum income limits are slightly higher in Alaska and Hawaii due to those states’ poverty guidelines.

<sup>2</sup> 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; “2025 Marketplace Open Enrollment Period Public Use Files: 2025 OEP State-Level Public Use File (ZIP),” U.S. Centers for Medicare & Medicaid Services, last modified May 2, 2025, <https://www.cms.gov/data-research/statistics-trends-reports/marketplace-products/2024-marketplace-open-enrollment-period-public-use-files>.

<sup>3</sup> Congressional Budget Office, *The Effects of Not Extending the Expanded Premium Tax Credits for the Number of Uninsured People and the Growth in Premiums*, December 4, 2024. <https://www.cbo.gov/system/files/2024-12/59230-ARPA.pdf>.

<sup>4</sup> Urban Institute data tool, “Who Would Lose Coverage If Enhanced Premium Tax Credits Expire,” November 14, 2025, <https://www.urban.org/data-tools/health-insurance-premium-tax-credit>

<sup>5</sup> Leighton Ku, et al, “The Cost of Eliminating the Enhanced Premium Tax Credits,” Commonwealth Fund, March 3, 2024, <https://www.commonwealthfund.org/publications/issue-briefs/2025/mar/cost-eliminating-enhanced-premium-tax-credits>.

<sup>6</sup> “2025 Marketplace Open Enrollment.”

<sup>7</sup> 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> and KFF, “How Much More Would People Pay in Premiums if the ACA’s Enhanced Subsidies Expired?” accessed July 24, 2025.

<sup>8</sup> Name has been changed.

