



Health Premiums To Spike for California Workers and Small Business Owners If Enhanced Health Care Tax Credits Are Not Made Permanent



Millions of Americans will see their health insurance premiums skyrocket — over 75 percent higher on average,¹ with many paying not just hundreds but thousands of dollars more for health coverage — and roughly 4 million people will lose coverage altogether, if Congress fails to prevent key tax credits from expiring in December 2025.²

Nearly 22 million Americans benefit from premium tax credits that help them afford comprehensive health coverage, including 1,751,690 Californians who purchase a health plan from California's health care marketplace, Covered California.³ These tax credits are a lifeline for workers and their families, including those with serious and chronic health conditions like diabetes, heart disease, and cancer who need access to regular care to stay healthy and keep working when they don't get insurance through their job. But if Congress does not intervene, these workers will enter the annual open enrollment period for health coverage on November 1 and be hit with premiums that may be double or triple what they paid last year, with no guarantee that any tax credit relief will be available to them later. The ripple effect on California's families, communities, and local economies will be devastating.

Premiums Will Skyrocket for Californians if Congress Does Not Act



\$1,344

ANNUAL PREMIUM INCREASE,
INDIVIDUAL, MID-40s MAKING \$31,300



\$17,776

ANNUAL PREMIUM INCREASE,
COUPLE, EARLY 60s EARNING \$90,000



Premium tax credits help working people and local economies

Millions of American workers who don't get coverage on-the-job or through Medicaid or Medicare qualify for premium tax credits for a plan on [healthcare.gov](https://www.healthcare.gov) or a state marketplace if their current household income is at least \$15,060 for an individual or \$31,200 for a family of four, and they do not have other options for affordable health coverage.⁴ This includes small business owners and their employees; retail and restaurant workers; child care and home care aides; ride share and food delivery drivers; independent contractors; people working in seasonal or time-limited jobs like tourism, entertainment, and farming; and others who just need to buy coverage out-of-pocket.

To help families struggling with rapidly rising health care costs, Congress took steps in recent years to enhance the premium tax credits, limiting the cost of a typical plan to no more than 8.5% of a household's income, and providing increased affordability for those with lower incomes, on a sliding scale. These improvements bolstered marketplace enrollment, reduced the uninsured rate, and enabled many people to cut their deductibles in half.⁵ Today, the average premium cost for marketplace plans is \$636, but with a premium tax credit, that drops to only \$179.⁶ **But all that progress is now in jeopardy.**

If the enhanced tax credits expire, Americans who can no longer afford their coverage will be forced to delay or skip needed health care or take on medical debt. The health insurance marketplaces will be destabilized, left with a smaller and sicker insurance pool leading to further premium increases for everyone. Health care providers will face spikes in uncompensated care and state economies will suffer.⁷ People in rural communities and in states that have not expanded Medicaid will be hit especially hard,⁸ as they have even fewer options for affordable coverage.

A brewing storm: devastating premium hikes

People are already feeling the effects of the uncertainty Congress has created in failing to act sooner. Across the country, next year's premium rates are being finalized. **In California, on average, they are likely to be 10% higher in the individual insurance market than last year.** This is partially due to policy changes like the passage of H.R. 1, which cut \$1 trillion from our health care system while failing to extend the enhanced premium tax credits. As a result, insurers are trying to stem the losses they anticipate will result from millions of people being forced to drop their coverage because they can no longer afford it.

Without the current tax credit to offset the impact of these high premiums, American workers face a double whammy of much higher out-of-pocket costs and much lower financial support. The amount that people currently pay for premiums varies by age and income, so the impact of the expiring tax credits on families and individuals will vary as well. In California, premiums will increase by 97% on average.⁹ But the pain of significant premium increases will be felt by people in all sorts of life circumstances.¹⁰

For example, in California:

- Single individuals in their mid-40s making \$31,300 would see their annual premiums **increase by \$1,344 next year.**¹¹
- Couples in their early 60s earning \$90,000 would see their annual premiums **increase by about \$17,776 next year.**¹²



HOW TAX CREDITS HELP REAL PEOPLE: TAKEOMI'S STORY

The numbers are compelling, but so too are the stories of the real people who rely on premium tax credits for their health and financial wellbeing.

Takeomi, a self-employed insurance agent from Los Angeles, depends on Covered California to keep his health insurance affordable. “[Financial help through Covered California] has helped a lot. It’s actually been able to help [me] continue in having a policy,” he explained. “I don’t know if I could afford to pay the regular premium. I’d probably end up going without health insurance for myself.”

Without the enhanced tax credits, Takeomi could see his premium payments nearly double, putting his coverage at serious risk.

From Jessica Altman, "The Impact of Enhanced Premium Tax Credit Expiration," Covered California presentation, 2025.



CALL TO ACTION

Congress Must Act Now to Make Premium Tax Credits Permanent

This is a crisis of Congress’ making, and only Congress has the power to stop these massive premium increases from harming the health and financial security of millions of Americans. Small business owners, workers, and families caught in uncertainty need Congress to act NOW to permanently extend the enhanced premium tax credits.

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

For more information, contact Rachel Linn Gish at rlinngish@health-access.org, or Cheryl Fish-Parcham at cparcham@familiesusa.org.

Endnotes

- ¹ Andrew Sprung. "Trump administration takes one more whack at the ACA marketplace." Xpostfactoid. September 4, 2025. <https://xpostfactoid.substack.com/p/trump-administration-takes-one-more>
- ² 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>.
- ³ Centers for Medicare & Medicaid Services. "2025 Marketplace Open Enrollment Period Public Use Files." May 12, 2025. <https://www.cms.gov/data-research/statistics-trends-reports/marketplace-products/2025-marketplace-open-enrollment-period-public-use-files>
- ⁴ "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/> 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. The income limits will increase slightly for 2026 - people may qualify then if their incomes are above 2025 federal poverty guidelines, listed here: <https://aspe.hhs.gov/sites/default/files/documents/dd73d4f00d8a819d10b2fdb70d254f7b/detailed-guidelines-2025.pdf>
- ⁵ 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 12, 2025, <https://www.cms.gov/data-research/statistics-trends-reports/marketplace-products/2025-marketplace-open-enrollment-period-public-use-files>.
- ⁶ "2025 Marketplace Open Enrollment Period Public Use Files."
- ⁷ 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>
- ⁸ Urban Institute data tool, "Who Would Lose Coverage If Enhanced Premium Tax Credits Expire," November 14, 2024, <https://www.urban.org/data-tools/health-insurance-premium-tax-credit>
- ⁹ Executive Director's Report". Covered California. August 21, 2025. https://board.coveredca.com/meetings/2025/August%2021,%202025/2025.08.21_ED_Report.pdf.
- ¹⁰ 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.
- ¹¹ Andrew Sprung, "Worse than forecast: Pending increases for ACA marketplace enrollees," xpostfactoid, August 13, 2025, <https://xpostfactoid.blogspot.com/2025/08/worse-than-forecast-pending-cost.html>.
- ¹² Families USA calculation based on KFF 2025 marketplace calculator by age (<https://www.kff.org/interactive/subsidy-calculator/>) and weighted average proposed 2026 premiums for the state, posted on [ratereview.gov](https://www.ratereview.gov) August 1, 2025. This estimate may have slight variation by zip code within each state, depending on the availability of different insurance plans.

