

Health Premiums To Spike for American 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 from the federal or state health insurance Marketplaces.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 families, communities, and local economies will be devastating.

Congress Must Protect American Workers and Families

Congress failed to take the necessary steps to avert this crisis, instead passing H.R. 1 to extend tax cuts geared toward corporations and billionaires while leaving working families wondering how they are going to afford their health care. The longer Congress delays, the higher premiums rise as insurance companies brace for the fallout of millions of people being forced to drop their coverage. **Americans cannot afford to wait any longer — Congress must act NOW to permanently extend the enhanced premium tax credits.**

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 (Table 1).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.

Table 1. People in Every State Will be Impacted if Health Care Tax Credits Expire

State	Number of people receiving a premium tax credit	State	Number of people receiving a premium tax credit	State	Number of people receiving a premium tax credit
National	22,380,137	Kansas	187,387	North Dakota	38,928
Alabama	457,379	Kentucky	83,518	Ohio	529,774
Alaska	25,170	Louisiana	281,548	Oklahoma	296,735
Arizona	379,185	Maine	54,757	Oregon	111,620
Arkansas	153,328	Maryland	188,904	Pennsylvania	429,551
California	1,751,690	Massachusetts	324,367	Rhode Island	36,997
Colorado	225,484	Michigan	484,004	South Carolina	602,457
Connecticut	133,192	Minnesota	92,489	South Dakota	51,707
Delaware	48,014	Mississippi	331,210	Tennessee	610,685
District of Columbia	4,217	Missouri	392,595	Texas	3,781,291
Florida	4,601,986	Montana	68,707	Utah	403,968
Georgia	1,398,360	Nebraska	129,941	Vermont	30,459
Hawaii	20,439	Nevada	96,123	Virginia	335,255
Idaho	100,762	New Hampshire	49,757	Washington	224,315
Illinois	418,039	New Jersey	462,504	West Virginia	65,152
Indiana	322,426	New Mexico	60,022	Wisconsin	278,768
Iowa	120,692	New York	140,403	Wyoming	44,423
		North Carolina	919,453		

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.

American families' health and budgets at risk

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. On average, they are likely to be 23% higher in the individual insurance markets 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. But the pain of significant premium increases will be felt by people in all sorts of life circumstances.⁹

For example:

- **Single workers** in their mid-40s making \$31,300 will see their premiums spike by more than 185% — **an average increase of \$1,344 per year.**
- **Couples** in their early 60s earning a combined income of \$90,000 will see their premiums spike by more than 250% — a whopping **increase of more than \$26,000 per year.** In some states, their premiums will **increase by over \$50,000**¹⁰ (See Table 2, page 4, for a state-by-state breakdown of the impact on couples nearing retirement age).

Table 2. Americans Nearing Retirement Will Lose the Most if Congress Does Not Act

**Proposed Annual Premium Increase in 2026 for a 64-Year Old Couple Making \$90,000 Per Year[†]
(Based on Rate Filings as of September 2, 2025)**

State	Annual Premium Increase, 2026 (if enhanced tax credits expire)	State	Annual Premium Increase, 2026 (if enhanced tax credits expire)	State	Annual Premium Increase, 2026 (if enhanced tax credits expire)
U.S. Average	\$26,870	Kansas*	\$29,045	North Dakota*	\$18,700
Alabama	\$28,085*	Kentucky*	\$23,376	Ohio	\$24,140
Alaska [§]	\$48,754	Louisiana	\$25,258	Oklahoma	\$23,957
Arizona	\$20,833	Maine	\$29,126	Oregon	\$21,152
Arkansas	\$27,314	Maryland*	\$16,445	Pennsylvania	\$16,872
California	\$17,776	Massachusetts	\$12,606	Rhode Island	\$21,962
Colorado	\$21,969	Michigan	\$16,078	South Carolina	\$25,806
Connecticut	\$35,109*	Minnesota	\$13,090	South Dakota	\$30,637
Delaware	\$30,743	Mississippi	\$29,764	Tennessee	\$34,118
District of Columbia	\$26,849	Missouri*	\$21,512	Texas	\$31,001
Florida	\$28,323	Montana	\$33,807	Utah*	\$20,110
Georgia	\$31,313*	Nebraska*	\$32,024	Vermont	\$25,036
Hawaii [∫]	\$22,276	Nevada	\$18,614	Virginia	\$18,041
Idaho	\$19,158	New Hampshire	\$14,712	Washington	\$21,527
Illinois	\$21,370*	New Jersey*	\$23,938	West Virginia	\$51,129
Indiana	\$19,792	New Mexico*	\$26,752	Wisconsin	\$21,497
Iowa	\$18,784	New York*	\$14,964	Wyoming	\$52,809
		North Carolina	\$27,189		

*This premium rate has been finalized and will go into effect January 1, 2026. Other states' rates are subject to change prior to finalization.

[†] Except Alaska and Hawaii. [§] Alaska Income is \$112,500 (equivalent of 440% of FPL). [∫] Hawaii Income \$103,500 (equivalent of 440% of FPL).

Families USA calculated these values by comparing the 2025 monthly premiums for a 64-year-old couple making \$90,000 (440% FPL) and living in a select major metropolitan area in each state, obtained from [KFF's Health Insurance Marketplace Calculator](#) and applying the average proposed premium increase in each state to its 2025 premium to generate a predicted 2026 premium. Families USA then subtracted the 2025 premium (with enhanced tax credits applied) from the proposed 2026 premium to generate the final annual increase.



HOW TAX CREDITS HELP REAL PEOPLE: DEAN'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. People like Dean,¹¹ a 34-year-old self-employed designer who buys his health coverage through the marketplace. When he first bought a plan in 2021, Dean could only afford a high-deductible bronze plan, with more limited access to care and higher cost-sharing when he needed to go to the doctor. But after Congress increased funding for premium tax credits, he was able to switch to a more comprehensive silver plan with lower out-of-pocket costs — a move that proved to be lifesaving when Dean was diagnosed with cancer in 2022 and needed to rely on his plan to afford extensive medication and treatment. His new plan had an affordable monthly premium (around \$80 per month) and a relatively low deductible and out-of-pocket maximum (\$1,000 and \$3,000, respectively). Dean's cancer is now in remission, but he still needs regular follow-up and frequent medical appointments. Congress must extend the enhanced tax credits to make sure he can stay healthy and working.



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 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 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.
- ¹⁰ 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.
- ¹¹ Name changed to protect patient privacy.

