Congress Must Make Permanent the ACA Enhanced Tax Credits

American Cancer Society Cancer Action Network
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Having affordable and comprehensive health insurance coverage is a key determinant for surviving cancer. Research from the American Cancer Society shows that uninsured Americans are less likely to get screened for cancer and thus are more likely to have their cancer diagnosed at an advanced stage when survival is less likely and the cost of care more expensive. Public policies that make insurance more affordable help to ensure that more people will have the coverage they need.

ACA Tax Credits

The *Affordable Care Act* (ACA) established tax credits to help lower the cost of health insurance purchased in the Marketplaces. Under the ACA, individuals earning between 100% to 400% of the federal poverty level (FPL) are eligible for these tax credits on a sliding scale – the lower the income level, the higher the amount of tax credits. The total amount a person would pay for premiums is capped as a percentage of their income. The ACA tax credits are permanent and do not expire.

As part of the *American Rescue Plan Act* (ARA) enacted in March 2021, Congress made two *temporary*, but major changes to the tax credits: it increased the amount of the tax credit for those between 133%-400% FPL; and extended the eligibility for the tax credits to those earning beyond 400% FPL. These enhanced tax credits were in effect in 2021 and 2022. As part of the *Inflation Reduction Act* (IRA), Congress extended these enhanced tax credits again, this time through 2025.

The following chart shows how much an individual who qualified for tax credits pays in premiums under the original ACA tax credits compared to how much they pay with the enhanced tax credits provided under the ARA and IRA. For example, an individual whose income is 149% FPL would pay a premium of about 4% of their income under the ACA tax credits but would not pay any premiums under the enhanced tax credits.

How Much a Person Eligible for Tax Credits Pays for Marketplace Coverage (as a percentage of income)

	Affordable Care Act Tax Credits[i]	American Rescue Plan & Inflation Reduction Act (Enhanced Tax Credits)[ii]
Income Eligibility (FPL)		
Under 100%	Not eligible for subsidies	Not eligible for subsidies
100% -- 138%	2.07%	0%
138% -- 150%	3.10%-4.14%	0%
150% -- 200%	4.14%-6.52%	2.0%
200% -- 250%	6.52%-8.33%	4.0%
250% -- 300%	8.33%--9.83%	6.0%
300% -- 400%	9.83%	8.5%
Over 400%	Not eligible for subsidies	8.5%
Expiration Date	None. ACA tax credits are permanent	Enhanced tax credits expire at the end of 2025

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The actual amount of the tax credit will vary depending on a person's income and where they live. Under the ACA, the Marketplace will determine the amount an individual is required to pay for their premium based on two factors: (1) their income (see chart above); and (2) the second-lowest cost silver plan in each area. The premium for this plan serves as the basis for the tax credit provided to an individual. The difference between that plan premium and the individual's expected contribution is the amount of the tax credit.

Examples:

- Tim lives in Columbus, OH. He works two part-time jobs, neither of which offer health insurance coverage, and he makes slightly less than $22,000 a year (roughly 150% FPL for a household of one).
    - With Enhanced Tax Credits: Because of the enhanced tax credits, Tim can sign up for a $0 premium Marketplace plan.
    - Without the Enhanced Tax Credits: He would have to pay a premium of $130 per month for his health insurance coverage.[iii] Since money is tight for Tim, he may decide he isn't able to pay premiums, and go without insurance.
- Heidi lives in Potsdam, NY and recently started her own business making $61,000 a year (just over 400% FPL for a household of one).
    - With Enhanced Tax Credits: Because of the enhanced tax credits, Heidi is eligible for tax credits of $128 bringing the monthly premium for her silver plan to $432[iv] which helps offset the cost of the premiums for her Marketplace coverage.
    - Without the Enhanced Tax Credits: She would not qualify for any assistance and would pay $560 a month in premiums – therefore making insurance unaffordable for her.

Benefits of Enhanced Tax Credits

Comprehensive coverage: The enhanced tax credits allow more people to purchase comprehensive health insurance coverage that covers things like Essential Health Benefits (including doctor's visits, prescription drugs, hospitalizations, and preventive services, including cancer screenings), caps annual out-of-pocket costs, and prohibits plans from denying coverage or charging more based on pre-existing conditions, such as cancer history.

Record enrollment: As a result of the enhanced tax credits, more than 21 million Americans enrolled in Marketplace coverage in 2024, with 80% of people enrolled in a plan with a monthly premium of $10 or less. More than 5 million of those who enrolled in Marketplace plans in 2024 were new customers. (State-specific enrollment information is available here.)

ACS CAN Position

ACS CAN urges Congress to make permanent the ACA enhanced tax credits at their current levels before they expire in 2025. These enhanced tax credits led to record enrollment in Marketplace plans and have provided millions with a path to affordable, comprehensive coverage to be able to prevent, detect and treat cancer. If the enhanced tax credits are not made permanent, affordability could become a barrier to lifesaving cancer screening, early detection, treatment and follow up care.

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[i] Affordable Care Act. Pub. Law 111-148. Section 1401(a).
[ii] American Rescue Plan Act. Pub. Law 117-2. Section 9661, extended in Inflation Reduction Act. Pub. Law 117-169. Section 12001.
[iii] Author's analysis for 30 year old male using healthcare.gov for silver plans in zip code 43210.
[iv] Author's analysis using New York State of Health Marketplace plan finder of silver plans using zip code 13676.