Why Congress Needs to Act Swiftly to Extend the Enhanced ACA Tax Credits

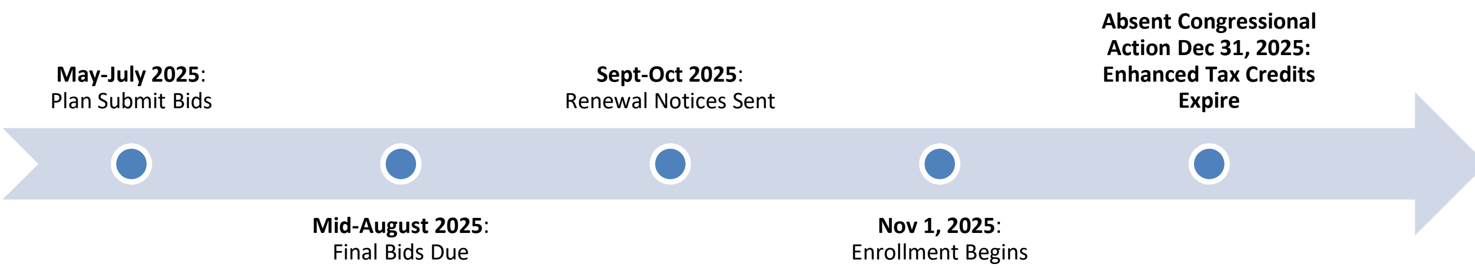
Having affordable and comprehensive health insurance coverage is a key determinant for surviving cancer. Research from the American Cancer Society shows that uninsured Americans are less likely to get screened for cancer and thus are more likely to have their cancer diagnosed at an advanced stage when 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.

The Enhanced ACA Tax Credits

The Affordable Care Act (ACA) helps people buy health insurance through the Marketplace by offering tax credits that lower the cost of monthly premiums. The American Rescue Plan Act (ARPA) enhanced these tax credits by (1) improving the generosity of the ACA tax credits by increasing the amount of the tax credits for those earning between 133% and 400% of the Federal Poverty Level (FPL) ($20,029 - $60,240 for a single person), and (2) extending eligibility for tax credits to those earning above 400% FPL ($60,240 for a single person), on a sliding scale. The Inflation Reduction Act (IRA) further extended these enhanced tax credits through the end of 2025.

Why Extend the Enhanced Tax Credits Now?

While the Enhanced ACA tax credits are technically not due to expire until December 31, 2025, it is imperative that Congress extend the ACA enhanced tax credits as soon as possible.



- *May-July 2025 – Plans Submit Bids*: Plans submit their bids to the Marketplace which include premium rates for plan year 2026. Bid deadlines vary by state. If Congress fails to make permanent the enhanced ACA tax credits by this time, insurers will assume the enhanced tax credits will not be renewed and will adjust their premiums accordingly, meaning they will charge higher premiums because they will assume a decrease in enrollment and those that remain enrolled will be more likely to be high users of health insurance. It will be administratively burdensome, but if Congress enacts legislation to make permanent the enhanced ACA tax credits during this time, depending on state law, issuers could resubmit their plan bids, which would reflect lower premiums.
- *Mid-August 2025 -- Final Bids Due:* Once the final bids are in, contracts will be signed between issuers and Marketplaces. If Congress fails to make permanent the enhanced ACA tax credits by this time, issuers will finalize their plan bids and assess premiums assuming the enhanced tax credits will not be renewed. This will result in higher premiums. If Congress waits until this time period to enact legislation to address the expiration of enhanced ACA tax credits, it will be harder for plans and Marketplaces to incorporate premium changes. As a result, there is a greater likelihood of errors in consumer materials, which will have to be modified quickly to incorporate changes reflected by a continuation of the enhanced ACA tax credits.

- *September-October 2025 – Renewal Notices Sent*: Marketplaces send renewal notices informing current enrollees of changes to their plans – including premium changes -- for the upcoming year. If the enhanced ACA tax credits are not made permanent, enrollees will receive rate shock in the form of significantly higher premiums for their plans the following year.
- *November 1, 2025 – Enrollment Begins*: All Marketplaces have an open enrollment period between November 1st and January 15th (some state-based marketplaces have longer enrollment periods). During this time, individuals can enroll in or change their marketplace plans. Individuals who are shopping for coverage will see higher than average premiums because of expiration of the enhanced ACA tax credits.
- *December 31, 2025 – Enhanced ACA Tax Credits Expire*: Absent Congressional action, the enhanced ACA tax credits will expire December 31, 2025. If this is allowed to happen, premiums will increase for everyone who has Marketplace coverage regardless of whether or not they qualify for tax credits. The enhanced ACA tax credits lower premiums for Marketplace plans, attracting healthier people to the Marketplace and lowering the average health risk for the overall Marketplace plan and keeping premiums down for everyone. According to the Urban Institute, if the enhanced ACA tax credits are allowed to expire 4 million people could become uninsured.

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 a history of cancer.

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 extend the enhanced ACA tax credits before they expire at the end of 2025. If these enhancements are not extended, people enrolled in Marketplace plans will face higher premiums and millions could lose coverage altogether, undoing much of the progress made in recent years. If the enhanced ACA tax credits are allowed to expire, affordability could become a barrier to lifesaving cancer screening, early detection, treatment and follow up care.

More information is available at
https://www.fightcancer.org/what-we-do/health-insurance-affordability

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