American Cancer Society Cancer Action Network
fightcancer.org

Enhanced Premium Tax Credits (EPTC) are financial subsidies designed to make health insurance more affordable for millions of Americans. Introduced under the American Rescue Plan Act (ARPA) and later extended in the Inflation Reduction Act (IRA) of 2022, these credits make the tax credits included in the Affordable Care Act (ACA) more generous[1] and have been crucial in helping lower- and middle-income individuals and families -- particularly those in underserved communities, small business owners, and entrepreneurs -- afford their health coverage.

Myth: Enhanced ACA Tax Credits benefit insurance companies

FACT: The Enhanced ACA Tax Credits help millions of consumers afford comprehensive health insurance.

Some have mistakenly claimed that EPTCs provide extra profits to insurance companies. In reality, under the ACA, these tax credits actually help eligible individuals by lowering what they have to pay in monthly premiums – making insurance coverage more affordable. Since the introduction of EPTCs, premiums have dropped significantly for many consumers. According to the Urban Institute, marketplace enrollment increased by 31% during the 2024 open enrollment period, with 5 million more people gaining coverage. In the 2024 open enrollment period, more than 21 million people signed up for coverage in the marketplace. These enhanced credits have been especially beneficial for historically marginalized communities[2] and those in rural areas helping to lower uninsured rates and reduce barriers to accessing affordable health care.

These credits are essential for millions of Americans, particularly low-income individuals and communities of color, to afford health insurance. Reducing or eliminating these credits would have severe consequences, with the Urban Institute estimating that more than 3 million people could lose their coverage if the enhanced credits were rolled back. Other estimates suggest 5 million people could lose coverage. The hardest hit would be low-income families and people of color, who rely on these subsidies to access health care.

Research from the Commonwealth Fund highlights that EPTCs have played a crucial role in reducing health disparities, particularly among Black and Hispanic adults, whose uninsured rates have significantly declined since the credits were expanded. Targeting these credits would not only reverse this progress but also widen the existing gaps in health care access and outcomes. By undermining EPTCs, we would be disproportionately harming the very groups that have historically faced the most barriers to obtaining quality health care.

Myth: Enhanced ACA Tax Credits encourage fraud

FACT: The Enhanced ACA Tax Credits help millions of low- and moderate-income consumers purchase comprehensive health insurance

Some have erroneously claimed that the availability of the enhanced ACA tax credits leads to fraud, but this claim is misleading, inaccurate, and counterproductive. The reality is that eliminating or reducing EPTCs would not address fraud effectively but would instead harm millions of Americans who depend on these credits to afford health insurance. Instead of dismantling the program, we should focus on targeted, proven fraud prevention measures.

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[1] For more information on the Enhanced ACA tax credits visit Health Insurance Affordability | American Cancer Society Cancer Action Network (fightcancer.org).
[2] Id.

The ACA has strong protections in place to prevent fraud. When people apply for health insurance tax credits in the Marketplaces, their eligibility is verified through a system called the Federal Data Services Hub. This system cross-checks important information like income and identity with trusted sources, such as Internal Revenue Service records, to ensure accuracy and reduce the risk of fraud. In some situations, applicants may self-report their income, but Marketplaces have the authority to ask for additional documents when needed.

In a report from March 2023, the Government Accountability Office (GAO), a nonpartisan group that reviews government programs, looked at how well fraud prevention measures are working for EPTCs. The report did not find that the tax credits themselves cause fraud. Instead, it found that CMS has developed reliable ways to measure improper payments in the federally run marketplaces, but these methods haven't yet been applied to the 18 states running their own exchanges. This doesn't mean the program is fraudulent. It simply suggests that with better coordination and more thorough risk assessments, CMS could enhance fraud prevention in state-run marketplaces. By working together, CMS and the states can continue to improve protections without unfairly targeting the EPTC program, ensuring that it helps the people who need it most.

ACS CAN's 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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