State regulators recognize that larger credits come at a higher cost to taxpayers, and Congress must balance this with other fiscal priorities, but these credits have moved the needle on access to healthcare for millions. In particular, these additional subsidies have been crucial for those who need help the most, those with annual incomes under 250% of the FPL.

The enhanced credits are currently scheduled to expire at the end of 2025. Ending the enhanced credits after next year would have a major impact on state health insurance markets. The affordability of coverage would change for millions of enrollees and some may choose to discontinue their Marketplace coverage at the end of next year. Others may continue their enrollment, only to be caught off guard by significantly higher premium costs in 2026, when more may choose to disenroll. Enhanced subsidies have increased enrollment of the healthiest cohort, ages 18-34, who will be the most likely to drop coverage due to higher out-of-pocket premiums if the enhanced subsidies end. Losing that healthy population will adversely impact the risk pools, which will increase premiums for another significant cohort of enrollees, those aged 55-64. The end of enhanced subsidies and the return of the 400% FPL subsidy cliff together will disproportionately impact households with enrollees over age 55. These changes would not only affect access to coverage for millions, but they would also roil insurance markets as issuers and regulators adjust to a likely smaller and somewhat higher-risk overall individual market.

The end of the enhanced credits would also starve state reinsurance programs of the federal support they have used to reduce individual market rates overall. The reinsurance programs, run under state innovation waiver authority in Section 1332 of the ACA, are funded by the dollars that would otherwise flow through premium tax credits. While they do not add to federal costs, state reinsurance programs would have less funding available ed rance programs would