

Spotlight: Extension of enhanced PTCs key to ACA marketplace affordability

Overview

Enhanced premium tax credits (PTCs)—enacted by Congress as part of the American Rescue Plan Act, and extended through 2025 by the Inflation Reduction Act—have significantly improved the affordability of marketplace plans for individuals and families who depend on the ACA for their health coverage, including working parents, small business owners, self-employed people, gig workers, farmers, and early retirees. Since 2021, the more generous subsidies have increased PTCs for people with incomes below 400 percent of the Federal Poverty Level (FPL) and expanded eligibility to those with incomes above 400 percent FPL, effectively capping their premium costs at 8.5 percent of income. As a result, marketplace enrollment has risen to a record high of more than 24 million people.

The enhanced PTCs are scheduled to expire at the end of this year. There is still an opportunity for Congress to act; failure to do so will have serious consequences for health coverage and patient health in 2026, including:

- **Steep premium hikes** due to the loss of enhanced PTCs combined with other factors, such as anticipated changes to the risk pool. An [analysis of early rate filings](#) found that marketplace insurers are increasing premiums by about 20 percent, on average. Without enhanced premium subsidies, enrollees could pay, on average, 75 percent more out-of-pocket for their health coverage next year.
- **Increases in the uninsured population**, as premium sticker shock causes more people to opt out of coverage. The Congressional Budget Office (CBO) estimates that 4.2 million enrollees will become uninsured if the enhanced PTCs are allowed to expire, a figure that does not include those who will lose coverage as a result of [changes to ACA eligibility and enrollment](#) in the OBBBA as well as the [Centers for Medicare & Medicaid Service's \(CMS's\) final marketplace integrity rule](#). Coverage losses will disproportionately affect people who are low- and middle-income, rural, or nearing retirement.
- **Less stability in ACA marketplaces** may stem from a less healthy risk pool. A market consisting of fewer enrollees who have more health needs could lessen insurer participation in the marketplaces, adversely impacting competitiveness in the ACA market.
- **More financial stress on hospitals and other health care providers** is anticipated as uninsured rates rise, health spending decreases, and uninsured individuals require care that is uncompensated. A recent [analysis](#) estimates that, in 2026, uncompensated care costs will increase by \$7.7 and physicians, hospitals, and other providers will face \$32 billion in lost revenue, which would be unsustainable for many physician practices and hospitals, especially those in rural and underserved areas that already struggle financially.

Because ACA Open Enrollment begins November 1, marketplace consumers are currently receiving insurer notices that project tax credit losses and skyrocketing premium costs for Plan Year 2026. Many may decide to drop coverage. If an extension passes later in the year, outreach will be critical to ensure that these potential enrollees return to the marketplace and maintain their coverage.

All states will experience coverage losses if the enhanced subsidies expire at the end of the year. States that have not expanded Medicaid will be most adversely affected because a larger share of their residents have been eligible for marketplace subsidies.

Where the AMA stands

The AMA has long supported increasing the generosity of the PTCs and expanding eligibility beyond 400 percent of FPL. In conjunction with more than 90 national medical specialty societies and state medical associations, the AMA sent a [joint letter](#) to congressional leadership urging extension of the enhanced PTCs. The AMA will continue to advocate strongly to ensure that the enhanced PTCs continue to mitigate coverage losses and financial barriers to care.

Three things you can do

1. **Learn how your state will be affected** at the [Keep Americans Covered Coalition](#) website, which provides detailed information—by state and congressional district—on the impacts that not extending the enhanced PTCs will have on coverage losses and premium costs in your area.
2. **Tell your member of Congress** to save the enhanced tax credits by composing a message at the [Keep Americans Covered Coalition Action Center](#).
3. **Join the [AMA Physician's Grassroots Network](#)** to connect with physicians from across the country and advocate for solutions to our nation's health care challenges.