

Enhanced PTCs Help Older Adults and Those in High-Premium States Afford Coverage

How PTCs Impact Those with Incomes over 400 Percent of FPL

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Less than 10 percent of the 17.4 million Marketplace enrollees who will receive an enhanced PTC in 2025 have incomes above 400 percent of FPL. **Half of this group, around 725,000 people,** have incomes below 500 percent of FPL.

Enhanced PTCs **reduce out-of-pocket premiums**, mostly for adults aged 50 and older and people living in high-premium states.

Without enhanced PTCs, a 60-year-old earning \$60,251—just above 400 percent of FPL—would pay **\$986 per month**, or almost **20 percent of income**, on average for a Marketplace plan in 2024.

Among adults with individual incomes of \$60,241 per year—just above 400 percent of FPL—enhanced PTCs **lower average out-of-pocket premiums by 11 percent for 40-year-olds** and **57 percent for 60-year-olds**.

Congress enhanced the premium tax credits (PTCs) available in the Health Insurance Marketplaces in the American Rescue Plan Act of 2021. The enhanced PTCs were then extended through 2025 in the Inflation Reduction Act of 2022. The enhanced PTCs are more generous than the original PTCs included in the Affordable Care Act in two ways. First, enhanced PTCs increase the Marketplace subsidies for people with incomes at or below 400 percent of the federal poverty level (FPL) (\$60,240 for an individual and \$81,760 for a couple in 2024). Second, the enhanced PTCs limit premium contributions to 8.5 percent of income for Marketplace enrollees with incomes above 400 percent of FPL.

In prior reports, we estimated that the enhanced PTCs will lead to an increase of 7.2 million people with subsidized Marketplace coverage in 2025 compared with the original subsidy structure, including 1.5 million nonelderly people with incomes over 400 percent of FPL (Banthin et al. 2024). We also found that enhanced PTCs lead to larger reductions in uninsurance for nonelderly Black and Hispanic people than for nonelderly White people (Banthin, Simpson, and Akel 2024).

In this summary, we examine the expected distribution of enhanced PTCs among nonelderly people with incomes over 400 percent of FPL by age, income, and state. We use projected 2025 subsidized Marketplace enrollment from the Health Insurance Policy Simulation Model.¹ These estimates are supplemented with 2024 benchmark premiums and 2024 FPLs to estimate the financial impact of enhanced PTCs since 2025 premiums are not yet known.² Our analysis of the financial impact does not account for enrollees who choose to purchase higher- or lower-cost Marketplace plans, such as bronze or gold plans, because enhanced PTC amounts are calculated based on the benchmark premium, which is the total premium for the second-lowest-cost silver plan. We focus on illustrative incomes and ages, rather than income and age ranges, to estimate the second-lowest-cost silver plan premium that would apply in each scenario.

RESULTS

We estimate that 91.4 percent of nonelderly Marketplace enrollees receiving enhanced PTCs will have incomes at or below 400 percent of FPL (\$60,240 per year for an individual) (derived from table 1). Among those with incomes above 400 percent of FPL who we estimate will receive enhanced PTCs in 2025, 48.5 percent have incomes between 400 and 500 percent of FPL. We estimate that only 107,000 people with incomes over 800 percent of FPL (over \$120,480 per year for an individual) will receive enhanced PTCs in 2025.

TABLE 1

Estimated Subsidized Marketplace Enrollment with and without Enhanced PTCs by Income Group, 2025

	Total annual income for an individual (2024 FPLs)	Subsidized Marketplace Enrollment (in thousands)		Share of Subsidized Marketplace Enrollment	
		Original PTCs	Enhanced PTCs	Original PTCs	Enhanced PTCs
All incomes		10,167	17,404	100%	100%
Income group (% of FPL)					
< 150%	<\$22,590	2,485	3,939	24.4%	22.6%
150–200%	\$22,590–\$30,120	3,150	4,147	31.0%	23.8%
200–250%	\$30,120–\$37,650	1,449	2,784	14.3%	16.0%
250–300%	\$37,650–\$45,180	1,258	2,097	12.4%	12.0%
300–400%	\$45,180–\$60,240	1,827	2,943	18.0%	16.9%
400–500%	\$60,240–\$75,300	0	724	0.0%	4.2%
500–600%	\$75,300–\$90,360	0	390	0.0%	2.2%
600–700%	\$90,360–\$105,420	0	181	0.0%	1.0%
700–800%	\$105,420–\$120,480	0	92	0.0%	0.5%
> 800%	>\$120,480	0	107	0.0%	0.6%

Source: The Urban Institute Health Insurance Policy Simulation Model, 2024.

Notes: FPL = federal poverty level; PTC = premium tax credit. FPLs are for 2024, but enrollment is projected for 2025.

Total Marketplace premiums vary by age in most states, with states setting age-rating rules that can allow premiums for 64-year-olds to be up to three times higher than premiums for 18-year-olds. Because PTCs are structured to limit out-of-pocket spending on premiums to at most 8.5 percent of income, the enhanced PTCs typically vary by age as well. In 2024, total Marketplace premiums for the second-lowest-cost silver plan were \$422 per month for a 30-year-old and \$1,081 per month for a 64-year-old on average (table 2). Among individuals with incomes of \$60,241 per year (just above 400 percent of FPL), enhanced PTC amounts varied from an average credit of \$13 per month for a 30-year-old to \$654 per month for a 64-year-old, reducing out-of-pocket premiums to \$409 and \$427, respectively.³ Because a 30-year-old and a 64-year-old have the same expected monthly contribution of 8.5 percent of income (\$427 per month), federal spending on enhanced PTCs is much higher for 64-year-olds on average. Enhanced PTCs lower out-of-pocket premiums for 30-year-olds by an average of just 3 percent, compared with 57 percent for 60-year-olds and 60 percent for 64-year-olds.

TABLE 2

Estimated Total Premiums and Enhanced PTCs for Individuals with Incomes Just Above 400 Percent of FPL (\$60,241 per year), by Age

Marketplace enrollee age	Average total premiums per month	Average enhanced PTCs per month	Percent reduction in out-of-pocket premiums with enhanced PTCs
30	\$422	\$13	3%
40	\$473	\$52	11%
50	\$656	\$229	35%
60	\$986	\$559	57%
64	\$1,081	\$654	60%

Source: The Urban Institute using data from Healthcare.gov and 19 state-based Marketplace websites.

Notes: FPL = federal poverty level; PTC = premium tax credit. Premium, FPL, and PTC data are for 2024.

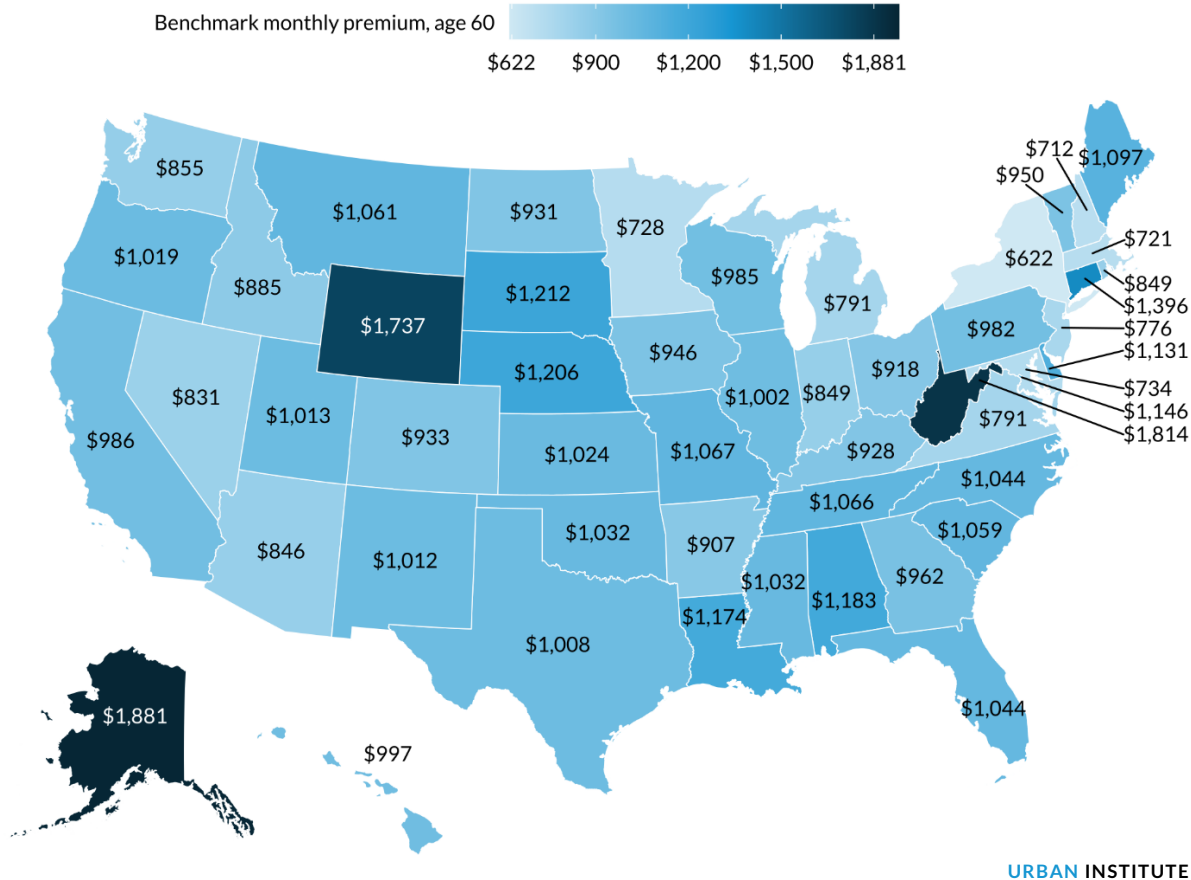
Total premiums and enhanced PTCs also vary substantially by state. In 2024, we estimate the average total benchmark premium (the second-lowest-cost silver plan available) for a 60-year-old is \$986 per month, weighted by Marketplace enrollment. In New York, total premiums for a 60-year-old are \$622 per month,⁴ while in Alaska, West Virginia, and Wyoming, total premiums are over \$1,700 per month (figure 1 and Appendix table 1).

Without enhanced PTCs, the average 60-year-old with an individual income of \$60,241 per year (just over 400 percent of FPL) would have to spend 20 percent of their income on health insurance premiums for the benchmark plan on average in 2024. A 60-year-old with an individual income of \$75,301 per year (just over 500 percent of FPL) would have to spend 16 percent of their income on premiums. These estimates are far higher in West Virginia, the highest premium state, where a 60-year-old with an income just above 400 percent of FPL would have to spend 36 percent of their income on benchmark plan premiums if enhanced subsidies were not available. Even 30-year-olds would have to spend more than 15 percent of their income on benchmark plan premiums in high-premium states like Alaska and West Virginia or states with community rating like Vermont (data not shown).

A 60-year-old couple would face even greater difficulty affording Marketplace coverage without enhanced PTCs because they would have to pay two premiums while family income would only increase by 36 percent (to \$81,760 for a family of two) to maintain their position at 400 percent of FPL. Without enhanced PTCs, a 60-year-old couple with an income of \$81,761 per year (just over 400 percent of FPL) would have to pay 29 percent of their income on health insurance premiums for a benchmark plan on average (data not shown).

FIGURE 1

Total Benchmark Premium for a 60-Year-Old Marketplace Enrollee in 2024, by State



URBAN INSTITUTE

Source: The Urban Institute using data from Healthcare.gov and 19 state-based Marketplace websites.

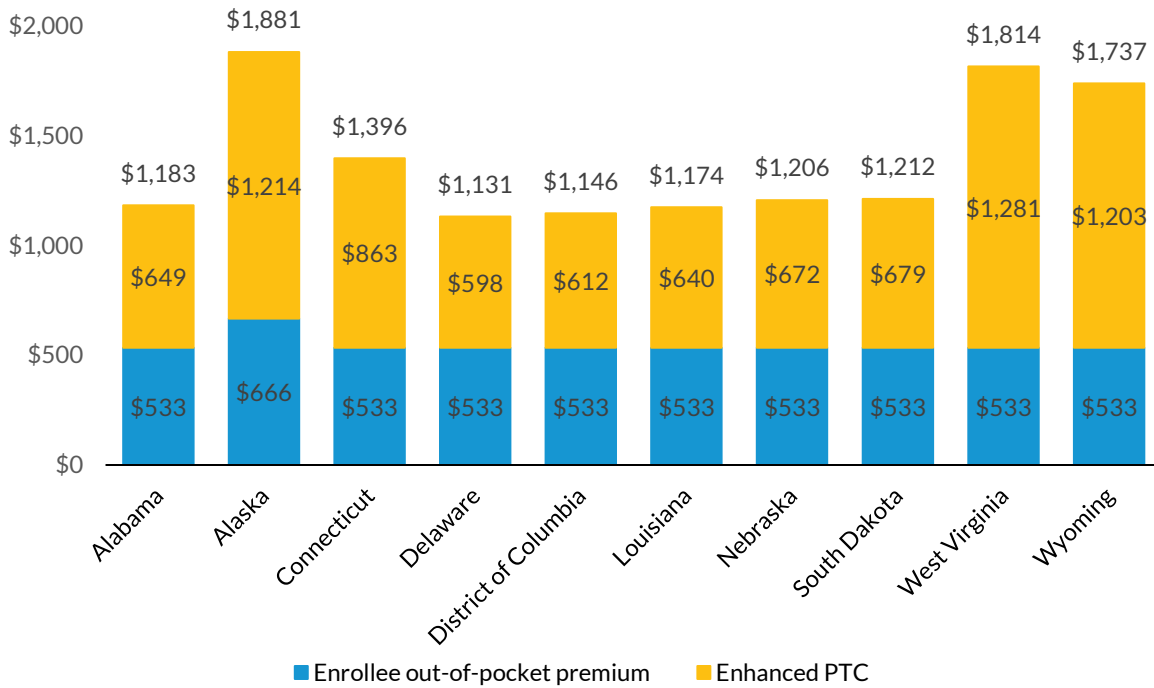
Notes: Total premiums are the average monthly unsubsidized cost for a 60-year-old to enroll in the second-lowest-cost silver (benchmark) plan. Statewide average premiums are weighted by enrollment. The US average is \$986 per month, weighted by enrollment.

The 10 states with the highest total premiums in 2024 for a 60-year-old purchasing benchmark Marketplace coverage are Alabama, Alaska, Connecticut, Delaware, the District of Columbia, Louisiana, Nebraska, South Dakota, West Virginia, and Wyoming (figures 1 and 2). In these 10 states, the enhanced PTCs available to a 60-year-old with an individual income of \$75,300 per year (500 percent of FPL) range from \$598 per month in Delaware to \$1,281 in West Virginia (figure 2). In contrast, a 60-year-old with the same income in New York, the lowest-premium state for this age group, would receive an enhanced PTC of just \$89 per month (Appendix table 1). We estimate the average enhanced PTC for a 60-year-old Marketplace enrollee with an annual income of \$60,241 is \$559 per month. For a 60-year-old with an annual income of \$90,360, the average enhanced PTC is \$346 per month.

States with higher premiums also have substantially larger percent reductions in out-of-pocket premiums with enhanced PTCs. In the six states with the highest total premiums in 2024, enhanced PTCs reduce premiums for a 60-year-old with income just above 400 percent of FPL by 65 percent or more, compared with 45 percent or less in the six states with the lowest premiums (Appendix table 1).

FIGURE 2

Monthly Out-of-Pocket Premiums and Enhanced PTCs for a 60-Year-Old with Income at 500 Percent of FPL (\$75,300 per year) in the 10 Highest Benchmark Premium States, 2024



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Source: The Urban Institute using data from Healthcare.gov and 19 state-based Marketplace websites.

Notes: FPL = federal poverty level; PTC = premium tax credit. Enrollee out-of-pocket premiums and enhanced PTCs are calculated for a 60-year-old enrolling in the second-lowest-cost silver (benchmark) plan. Statewide average premiums are weighted by enrollment. The Alaska FPL is higher than other states, leading to a higher expected enrollee contribution. The US average is \$986 per month, weighted by enrollment.

CONCLUSION

Enhanced PTCs improve Marketplace plan affordability across income groups, ages, and geographic areas (Banthin et al. 2024). Over 90 percent of Marketplace enrollees who receive an enhanced PTC have incomes at or below 400 percent of FPL. The expansion of enhanced PTCs to people with incomes over 400 percent of FPL improves Marketplace plan affordability, primarily for older adults and enrollees in high-premium states. Among the 1.5 million nonelderly adults with incomes above 400 percent of FPL that we estimate will receive enhanced PTCs in 2025 (Banthin et al. 2024), nearly half have incomes between 400 and 500 percent of FPL and just over 100,000 have incomes above 800 percent of FPL. Although enhanced PTCs can exceed \$1,000 per month for a 60-year-old in high-premium states like Alaska and West Virginia, many states with larger Marketplace enrollment, like Nevada, New Jersey, and Virginia, have more competitive premiums and, therefore, lower enhanced PTCs.

If the enhanced PTCs are allowed to expire, many older Marketplace enrollees in high-premium states could be forced out of coverage. For example, a 60-year-old with an income of \$60,241 (just over 400 percent of FPL in 2024) would have to spend between 28 and 37 percent of their income to maintain health insurance coverage in Alaska, Connecticut, West Virginia, and Wyoming without enhanced PTCs. Older couples would face extremely high out-of-pocket premiums for coverage in the absence of enhanced PTCs, with a 60-year-old couple with a household income of \$81,761 (just above 400 percent of FPL) paying more than 30 percent of their income to maintain health insurance in 20 states.

DATA AND METHODS

We used the Urban Institute’s Health Insurance Policy Simulation Model (HIPSM)⁵ to estimate the effects of the enhanced PTCs on coverage in 2025 and out-of-pocket premium spending in 2024. HIPSM is a microsimulation model of the US health care system focused on the nonelderly population and is designed to estimate the cost and coverage effects of proposed policy changes. The model’s baseline is regularly updated to reflect changes in law and state policies, premium increases, population growth, and the most recently published Medicaid and Marketplace enrollment and costs in each state. We project the model’s baseline to 2025, the final year of enhanced PTCs under current law and the year we expect to find their largest impact. More information on HIPSM and our methodology for these estimates is available in our prior report on the effects of enhanced PTCs on Marketplace enrollment (Banthin et al. 2024).

To estimate Marketplace enrollment and enhanced PTCs by age, income, and state, we rely on the representative population sample in our model, based on two years of American Community Survey data consisting of more than 6 million observations of individual people. The American Community Survey is representative at the state and substate level and is reweighted to match current national and state population estimates. For this summary, we focus on illustrative adults aged 30, 60, and 64 and income groups by state. FPLs and total premium estimates are for the 2024 plan year, while projected enrollment is for 2025.

For more information on HIPSM, see Buettgens and Banthin (2022).

APPENDIX TABLE 1

Total Premiums and Enhanced PTCs for a 60-Year-Old in 2024, by State and Income

State	Average Total Monthly Premium, Age 60	Average Enhanced PTC for a 60-Year-Old Just above 400% of FPL (\$60,241)	% of total premium	Average Enhanced PTC for a 60-Year-Old at 500% of FPL (\$75,300)	% of total premium	Average Enhanced PTC for a 60-Year-Old at 600% of FPL (\$90,360)	% of total premium
	dollars	dollars		dollars		dollars	
US average	\$986	\$559	57%	\$453	46%	\$346	35%
Alabama	\$1,183	\$756	64%	\$649	55%	\$543	46%
Alaska	\$1,881	\$1,348	72%	\$1,214	65%	\$1,081	57%
Arizona	\$846	\$419	50%	\$313	37%	\$206	24%
Arkansas	\$907	\$480	53%	\$374	41%	\$267	29%
California	\$986	\$560	57%	\$453	46%	\$346	35%
Colorado	\$933	\$507	54%	\$400	43%	\$293	31%
Connecticut	\$1,396	\$969	69%	\$863	62%	\$756	54%
Delaware	\$1,131	\$705	62%	\$598	53%	\$491	43%
DC	\$1,146	\$719	63%	\$612	53%	\$506	44%
Florida	\$1,044	\$617	59%	\$510	49%	\$404	39%
Georgia	\$962	\$536	56%	\$429	45%	\$322	33%
Hawaii	\$997	\$507	51%	\$384	39%	\$261	26%
Idaho	\$885	\$458	52%	\$351	40%	\$245	28%
Illinois	\$1,002	\$575	57%	\$468	47%	\$362	36%
Indiana	\$849	\$422	50%	\$315	37%	\$209	25%
Iowa	\$946	\$519	55%	\$413	44%	\$306	32%
Kansas	\$1,024	\$597	58%	\$491	48%	\$384	37%
Kentucky	\$928	\$501	54%	\$394	43%	\$288	31%
Louisiana	\$1,174	\$747	64%	\$640	55%	\$534	45%
Maine	\$1,097	\$670	61%	\$563	51%	\$457	42%
Maryland	\$734	\$308	42%	\$201	27%	\$94	13%
Massachusetts	\$721	\$295	41%	\$188	26%	\$81	11%

	Average Total Monthly Premium, Age 60	Average Enhanced PTC for a 60-Year-Old Just above 400% of FPL (\$60,241)	% of total premium	Average Enhanced PTC for a 60-Year-Old at 500% of FPL (\$75,300)	% of total premium	Average Enhanced PTC for a 60-Year-Old at 600% of FPL (\$90,360)	% of total premium
	dollars	dollars		dollars		dollars	
Michigan	\$791	\$364	46%	\$258	33%	\$151	19%
Minnesota	\$728	\$302	41%	\$195	27%	\$88	12%
Mississippi	\$1,032	\$605	59%	\$498	48%	\$392	38%
Missouri	\$1,067	\$640	60%	\$533	50%	\$427	40%
Montana	\$1,061	\$634	60%	\$527	50%	\$421	40%
Nebraska	\$1,206	\$779	65%	\$672	56%	\$566	47%
Nevada	\$831	\$404	49%	\$297	36%	\$190	23%
New Hampshire	\$712	\$286	40%	\$179	25%	\$72	10%
New Jersey	\$776	\$349	45%	\$242	31%	\$135	17%
New Mexico	\$1,012	\$585	58%	\$479	47%	\$372	37%
New York	\$622	\$196	31%	\$89	14%	\$0	0%
North Carolina	\$1,044	\$617	59%	\$510	49%	\$404	39%
North Dakota	\$931	\$504	54%	\$397	43%	\$291	31%
Ohio	\$918	\$492	54%	\$385	42%	\$278	30%
Oklahoma	\$1,032	\$605	59%	\$498	48%	\$392	38%
Oregon	\$1,019	\$593	58%	\$486	48%	\$379	37%
Pennsylvania	\$982	\$556	57%	\$449	46%	\$342	35%
Rhode Island	\$849	\$423	50%	\$316	37%	\$209	25%
South Carolina	\$1,059	\$632	60%	\$525	50%	\$419	40%
South Dakota	\$1,212	\$785	65%	\$679	56%	\$572	47%
Tennessee	\$1,066	\$639	60%	\$532	50%	\$426	40%
Texas	\$1,008	\$581	58%	\$475	47%	\$368	37%
Utah	\$1,013	\$586	58%	\$479	47%	\$372	37%
Vermont	\$950	\$523	55%	\$416	44%	\$310	33%
Virginia	\$791	\$364	46%	\$257	33%	\$151	19%
Washington	\$855	\$428	50%	\$321	38%	\$215	25%
West Virginia	\$1,814	\$1,387	76%	\$1,281	71%	\$1,174	65%
Wisconsin	\$985	\$558	57%	\$451	46%	\$345	35%
Wyoming	\$1,737	\$1,310	75%	\$1,203	69%	\$1,097	63%

Source: The Urban Institute using data from Healthcare.gov and 19 state-based Marketplace websites.

Notes: DC = District of Columbia; FPL = federal poverty level; PTC = premium tax credit. Total premiums are the average monthly unsubsidized cost for a 60-year-old to enroll in the second-lowest-cost silver (benchmark) plan. Average premiums are weighted by enrollment.

NOTES

- ¹ Full methodological details are available in Banthin et al 2024a.
- ² Benchmark premiums were compiled from Healthcare.gov and 19 state Marketplace websites.
- ³ The average premium for a 30-year-old is below 8.5 percent of income because 28 states have a benchmark premium for a 30-year-old that is lower than \$427 per month. The average enhanced PTC is \$0 in these 28 states.
- ⁴ New York does not allow Marketplace premiums to vary by age, making it more affordable than other states for older enrollees.
- ⁵ Urban Institute, "The Health Insurance Policy Simulation Model," in "Quantitative Data Analysis," accessed May 14, 2024, <https://www.urban.org/research/data-methods/data-analysis/quantitative-data-analysis/microsimulation/health-insurance-policy-simulation-model-hipsm>.

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