



# 4.8 Million People Will Lose Coverage in 2026 If Enhanced Premium Tax Credits Expire

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Enhanced premium tax credits (PTCs), which aim to expand and stabilize health insurance coverage, have been in place in the Marketplaces since 2021, but are set to expire after this year.<sup>1</sup> The enhanced PTCs substantially lowered the premiums people needed to pay for insurance in the Marketplace: they reduced net premiums to zero for some people with low incomes and made subsidies available to people with higher incomes for the first time. Since the enhancements took effect in 2021, Marketplace enrollment has more than doubled.<sup>2</sup> After omitting the PTC enhancements from the recently adopted One Big Beautiful Bill Act (OBBBA), Congress is continuing to debate whether to allow them to expire, extend them, or make them permanent.

In this brief, we estimate the impact on coverage of the expiration of enhanced PTCs that would occur in 2026 without action by Congress. We model these scenarios against a baseline that incorporates the rules expected to be in effect in 2026, including the major provisions of the OBBBA that will be in effect in 2026 and 2026 provisions of the Marketplace Integrity and Affordability rule released by the Center for Medicare and Medicaid Services (CMS),<sup>3</sup> except for provisions stayed by a Maryland District Court on August 22.<sup>4</sup>

We also calculate household net premiums (after subsidies) with and without enhanced PTCs to measure the erosion of affordability if enhancements end. We find that the expiration of enhanced PTCs would cause nearly 5 million people to become uninsured and would worsen the affordability of coverage for all Marketplace enrollees.

Our key findings are as follows:

- We project that 7.3 million fewer people will receive subsidized Marketplace coverage in 2026 if PTCs revert to their standard levels than if enhanced PTCs are extended. Eight states, Georgia, Louisiana, Mississippi, Oregon, South Carolina, Tennessee, Texas, and West Virginia, would see their subsidized Marketplace enrollment fall by more than half.
- Without enhanced PTCs, we project that 4.8 million more people will be uninsured in 2026 relative to a policy that extends enhanced PTCs, an increase in the uninsured population of 21 percent.
  - » Non-Hispanic Black people, non-Hispanic White people, and young adults would see the largest increases in uninsurance.
- In 2026, we project that average net premiums, the portion paid by individuals or households after PTCs, will be over four times as large (\$919 versus \$169) for people with subsidized Marketplace coverage and incomes below 250 percent of the federal poverty level (FPL; 250 percent of FPL is \$39,125 for an individual and \$80,375 for a family of four) under standard PTCs, compared with a policy of enhanced PTCs.
- Net premiums will more than double, from \$1,171 to \$2,455, for people with incomes from 250 percent of FPL to 400 percent of FPL.
- Finally, net premiums will nearly double, from \$4,436 to \$8,471, for people with incomes above 400 percent of FPL who receive subsidized Marketplace coverage under enhanced PTCs, but who would pay the full premium were they to expire.

After 2026, more provisions of the OBBA and the Marketplace Integrity and Affordability rule will come into effect, reducing Marketplace enrollment with or without enhanced PTCs. Also, if the Marketplace Integrity rule provisions that were stayed by a Maryland District Court on August 22 do not take effect in 2026 but take effect in 2027, enrollment could be further reduced.

## Background

The Affordable Care Act (ACA) of 2010 transformed the nongroup market by prohibiting exclusions for preexisting conditions; requiring community-rated premiums that vary only by age, region, and smoking status; regulating what types of policies can be sold; and defining a set of minimum essential health benefits. The ACA also established Marketplaces where eligible people could access premium tax credits that subsidized the cost of coverage. Most people with incomes below 100 percent of FPL (\$15,650 for an individual and \$32,150 for a family of four) and all people with incomes above 400 percent of FPL (\$62,600 for an individual and \$128,600 for a family of four) were not eligible for the PTCs.<sup>5</sup> For eligible income groups, PTCs progressively decline with income and limit the share of household income that individuals owe toward their net premium (table 1). These shares are indexed;

for 2026 the shares range from 2.10 percent of income for people with incomes between 100 and 138 percent of FPL (between \$15,650 and \$21,597 for an individual and between \$32,150 and \$44,367 for a family of four) to 9.96 percent of income for people with incomes between 300 and 400 percent of FPL (between \$46,950 and \$62,600 for an individual and between \$96,450 and \$128,600 for a family of four).

**TABLE 1**

**ACA Subsidy Schedule under Enhanced and Standard Marketplace Premium Tax Credits, 2026**

Premium Tax Credit Percentage-of-Income Limits for Benchmark Coverage (%)		
Income (% of FPL)	Enhanced PTCs	Standard PTCs
Less than 138	0.00	2.10
138–150	0.00	3.14–4.19
150–200	0.00–2.00	4.19–6.60
200–250	2.00–4.00	6.60–8.44
250–300	4.00–6.00	8.44–9.96
300–400	6.00–8.50	9.96
400 or greater	8.50	none

**Source:** American Rescue Plan Act of 2021, Pub L. No. 117-2; and “26 CFR 601.105: Examination of Returns and Claims for Refund, Credit, or Abatement; Determination of Correct Tax Liability,” IRS.gov, accessed September 12, 2025.

**Notes:** ACA = Affordable Care Act; PTC = premium tax credit; FPL = federal poverty level. FPL varies by year and household size; for 2025, FPL is \$15,650 for an individual and \$32,150 for a family of four; 250 percent of FPL is \$39,125 for an individual and \$80,375 for a family of four; 400 percent of FPL is \$62,600 for an individual and \$128,600 for a family of four.

Effective in April 2021, the American Rescue Plan Act of 2021 (ARPA) changed the premium subsidy schedule by lowering the limits on the share of household income people pay for premiums in the ACA Marketplace. The Inflation Reduction Act of 2022 then extended this change through 2025. Under the standard PTCs, for example, people with incomes below 150 percent of FPL (\$23,475 for an individual and \$48,225 for a family of four) would have to pay as much as 4.19 percent of their income toward premiums for a benchmark plan (the second-lowest-cost silver plan in their rating area) in 2026. Under the enhanced PTCs (if extended to 2026), they would pay zero percent of their income. The ARPA reduced payment thresholds across all income categories, which substantially reduced net premiums for households. The ARPA also extended eligibility for PTCs to higher-income groups. Under the standard PTCs, people with incomes over 400 percent of FPL are not eligible for any premium tax credits. Under the enhanced PTCs, eligible people in this group pay no more than 8.5 percent of their income.

Largely in response to the enhanced PTCs, Marketplace plan selections during the annual open enrollment period have grown steadily since 2021, from 12.0 million in that year to 14.5 million in 2022, 16.4 million in 2023, and 21.4 million in 2024.<sup>6</sup> In 2025, plan selections increased 14 percent to a total of 24.3 million people signing up for coverage. Changes in the number of plan selections provide a good estimate of the trend but do not accurately measure actual enrollment. Numbers drop when the first monthly premiums are due, and there is often midyear attrition. In this brief, we present estimates of average monthly enrollment, a more accurate measure of coverage.

Other policy changes will also affect coverage in 2026, regardless of what happens with the enhancements. The reconciliation bill signed in July of 2025 includes three provisions that will reduce Marketplace enrollment in 2026, while other provisions will take effect in later years. Specifically, it:

- eliminates PTC eligibility for lawfully present immigrants who have income under 100 percent of FPL but are ineligible for Medicaid by reason of their immigration status,
- eliminates the caps on repayment of advance PTC payments so that those who receive advance tax credits above what their actual annual income would permit must generally repay them in full when filing taxes for that year, and
- prohibits special enrollment periods for people with incomes up to 150 percent of FPL.<sup>7</sup>

Some parts of the Marketplace Integrity rule will be in effect in 2026, including the following provisions:

- eliminate eligibility for immigrants with Deferred Action for Childhood Arrival status
- shorten the window for submitting documentation to substantiate eligibility information
- revise standards for agents and brokers in the federally run Marketplaces
- eliminate insurer options to continue coverage when an enrollee has a de minimis premium underpayment
- prohibit special enrollment periods tied to the income of the applicant
- change indexing rules to increase cost-sharing and reduce PTCs over time
- eliminate measures to automatically shift enrollees from bronze to silver coverage to receive additional subsidies
- prohibit the inclusion of gender-affirming care among the essential health benefits

Our analysis assumes all these provisions of the OBBBA and the Marketplace Integrity rule are in effect in 2026, with or without the PTC enhancements being extended. We assume that the provisions of the Marketplace Integrity rule that were stayed by a Maryland District Court on August 22 will *not* be in effect in 2026.

## Data and Methods

We used the Urban Institute's Health Insurance Policy Simulation Model (HIPSM) to produce our analysis of the effects of PTC generosity on coverage and household spending in 2026.<sup>8</sup> The Health Insurance Policy Simulation Model 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, state policies such as Medicaid expansion, premium increases, population growth, general inflation, and the most recent

published Medicaid and Marketplace enrollment and costs in each state. We project the model's baseline to 2026.

For this brief, we updated the Health Insurance Policy Simulation Model using 2025 Marketplace premiums and state-level Marketplace enrollment data from the 2025 Open Enrollment Period Report snapshot released by CMS.<sup>9</sup> We adjusted the Open Enrollment Period Report snapshot numbers downward to more accurately represent average monthly Marketplace enrollment for the entire year. These adjustments reflect the “effectuation” of plan choices and midyear attrition. We first calibrated the model to replicate 2025 enrollment with 2025 premiums and Marketplace rules. We then simulated 2026 enrollment and costs in two different ways: (1) assuming enhanced PTCs were extended and remained in effect; and (2) assuming enhanced PTCs expire at the end of 2025 and standard PTCs were back in place. Enrollment totals for the latter scenario are comparable to enrollment totals before enhanced PTCs and the COVID-era Medicaid continuous coverage requirements were in effect, except for states with recent policy changes, such as additional state-funded Marketplace subsidies. Under both the enhanced and standard PTC scenarios, our estimated effects reflect 2026 provisions of the OBBBA and the 2026 Marketplace Integrity rule not stayed by the court, as explained above. The two most significant OBBBA changes affecting enrollment are the loss of PTC eligibility for lawfully present immigrants with incomes below 100 percent of FPL and the loss of the special enrollment period for people with incomes below 150 percent of FPL. For this analysis, Medicaid baseline enrollment for 2026 does not reflect provisions in the OBBBA because the major provisions affecting Medicaid enrollment do not take effect until later years.

People in New York with incomes up to 250 percent of FPL and in Minnesota and Oregon with incomes up to 200 percent of FPL who would be eligible for Marketplace PTCs in other states would instead be covered by a Basic Health Program (BHP) or state waiver that builds on BHP (as in New York). This coverage has both lower premiums and cost sharing than Marketplace coverage, even with enhanced PTCs. For example, New York offers comprehensive coverage with no premiums to eligible people with incomes up to 250 percent of FPL. The expiration of enhanced PTCs will not directly change BHP coverage, but it will reduce federal funding for BHP. States may need to raise BHP premiums and/or cost sharing if they are unable to make up for the shortfall. Also, the OBBBA terminates eligibility for low-income lawfully present immigrants. Several hundred thousand such people reside in New York, and the federal funding for their coverage is a crucial part of the state's waiver. As a result, New York has announced that it plans to eliminate waiver coverage of people with incomes between 200 and 250 percent FPL, while keeping BHP coverage for people with incomes up to 200 percent FPL.<sup>10</sup> Our results do not assume changes in BHP or New York's waiver, as the announcement came after our results were finalized.

# Results

## Decrease in Marketplace Enrollment and Increase in Uninsurance

*Eliminating enhanced PTCs will decrease Marketplace enrollment of people receiving PTCs by 7.3 million and increase the number of uninsured people in the US by 4.8 million in 2026* (table 2). By making coverage less affordable, standard PTCs will shrink the subsidized Marketplace to cover 11.7 million people in 2026, compared with 19.0 million people if enhanced PTCs stay in effect, a decrease of 7.3 million, or 38 percent. The nongroup market overall—which includes subsidized and unsubsidized Marketplace coverage, other nongroup coverage purchased outside the Marketplace that complies with federal standards, and the BHP—will cover 19.2 million people under standard PTCs, compared with 26.9 million people if enhanced PTCs stay in effect, a reduction of 7.7 million (29 percent).

TABLE 2

### Projected Coverage of the Nonelderly under Enhanced and Standard Marketplace Premium Tax Credits, 2026

Thousands of people

	Enhanced PTCs		Standard PTCs		Change	% difference
<b>Insured (MEC)</b>	<b>255,953</b>	<b>91.0%</b>	<b>251,069</b>	<b>89.2%</b>	<b>-4,885</b>	<b>-1.9%</b>
Employer	147,077	52.3%	150,298	53.4%	3,221	2.2%
Private nongroup	26,921	9.6%	19,219	6.8%	-7,702	-28.6%
Basic Health Program	1,840	0.7%	1,826	0.6%	-14	-0.7%
Marketplace with PTC, <250% of FPL	11,984	4.3%	7,747	2.8%	-4,237	-35.4%
Marketplace with PTC, 250–400% of FPL	6,077	2.2%	3,973	1.4%	-2,104	-34.6%
Marketplace with PTC, > 400 of FPL	947	0.3%	0	0.0%	-947	-100.0%
Full-pay nongroup	6,073	2.2%	5,673	2%	-400	-6.6%
Medicaid/CHIP	73,198	26.0%	72,795	25.9%	-403	-0.6%
Other public	8,757	3.1%	8,757	3.1%	0	0.0%
<b>Noncompliant nongroup (without MEC)</b>	<b>2,305</b>	<b>0.8%</b>	<b>2,424</b>	<b>0.9%</b>	<b>119</b>	<b>5.2%</b>
<b>Uninsured</b>	<b>23,150</b>	<b>8.2%</b>	<b>27,915</b>	<b>9.9%</b>	<b>4,765</b>	<b>20.6%</b>

Source: The Urban Institute, Health Insurance Policy Simulation Model, 2025.

Notes: MEC = minimum essential coverage; FPL = federal poverty level; PTC = premium tax credit; CHIP = Children's Health Insurance Program. FPL varies by year and household size; for 2025, FPL is \$15,650 for an individual and \$32,150 for a family of four; 250 percent of FPL is \$39,125 for an individual and \$80,375 for a family of four; 400 percent of FPL is \$62,600 for an individual and \$128,600 for a family of four.

If the enhanced PTCs expire, many fewer people would be attracted to the Marketplace. For example, uninsured people who would qualify for zero or very low premiums under the enhanced PTCs will find it much less affordable to purchase coverage under standard PTCs and are more likely to remain uninsured. In other cases, people with employer-sponsored insurance offers who qualify for Marketplace subsidies because their offers are deemed unaffordable (costing more than 9.96 percent of household income for a single person) and who choose Marketplace coverage under enhanced PTCs will make the switch back to employer-sponsored insurance or go uninsured under standard PTCs.

Additionally, some firms (primarily small firms) may decide to offer health coverage to their employees when enhanced PTCs are not available. We estimate 3.2 million more people will choose employer-sponsored insurance under standard PTCs than under enhanced PTCs, an increase of about 2 percent.

Under standard PTCs, there will be a small decrease in the number of people enrolled in Medicaid in 2026, compared with a policy of enhanced PTCs. These are mostly Medicaid-eligible children who would be enrolled in Medicaid when their parents take up Marketplace coverage, but who, if their parents leave the Marketplace, become uninsured. This is the reverse of the “woodwork effect” in which take-up of Medicaid- and CHIP-eligible children increased with increased household Marketplace enrollment.

## Increased Household Spending and Decreased Marketplace Enrollment by Income

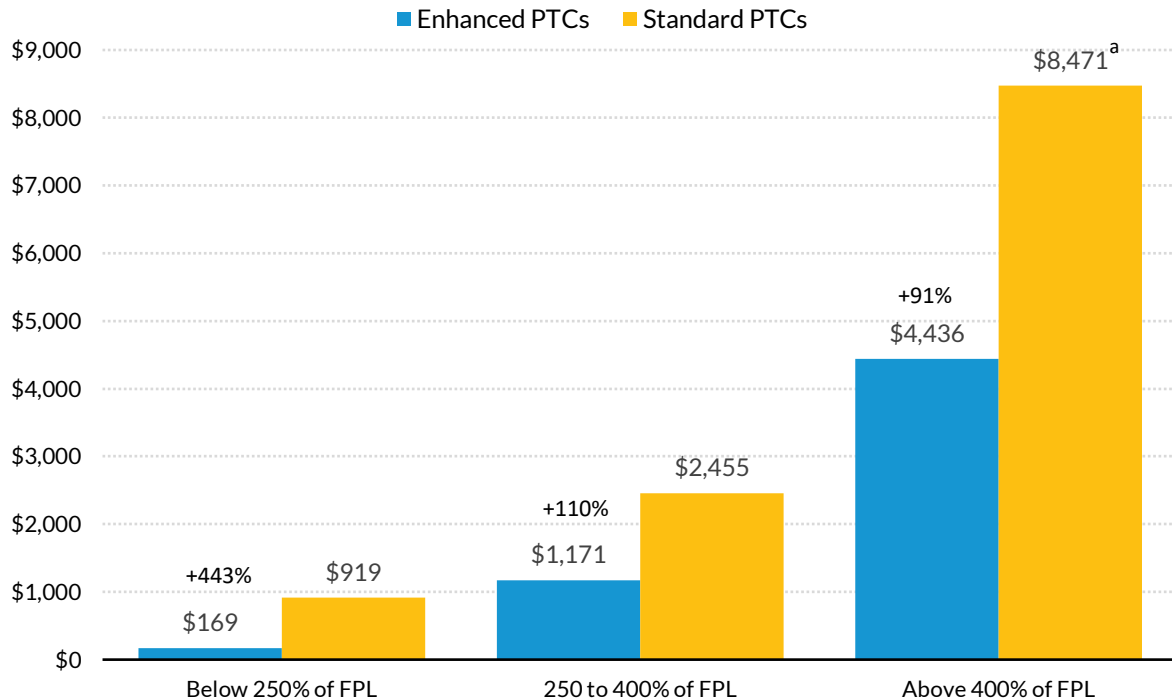
***The elimination of enhanced PTCs substantially reduces the affordability of Marketplace premiums across all income categories.*** Net premiums will increase for all individuals and families under the standard PTC subsidy schedule, which is less generous than the enhanced PTC subsidy schedule. Net premiums will also increase because of the indirect impact on premiums of changes in the risk pool. If enhanced PTCs expire, healthier people are more likely to disenroll than others in response to higher premiums, thus increasing the average health risk of enrollees. We project that under the expiration of enhanced PTCs, total Marketplace premiums (before subsidies) will be 6 percent higher on average across all states in 2026 compared with total Marketplace premiums under a policy of extending enhanced PTCs (data not shown). This premium increase would also affect employers that provide coverage for their workers through the individual market, for example, using an individual coverage health reimbursement arrangement.

Accounting for both factors, we project substantial increases in net premiums. People with incomes below 250 percent of FPL will pay an average of \$919 annually for subsidized Marketplace coverage under standard PTCs, more than quadrupling from \$169 under enhanced PTCs (figure 1). The average net premium under enhanced PTCs is notably low because many people in this income category (those with income below 150 percent of FPL) are eligible for zero-premium plans. We project that people with incomes between 250 and 400 percent of FPL will pay \$2,455 in average annual premiums for subsidized Marketplace coverage in 2026 under standard PTCs, compared with \$1,171 under enhanced PTCs, an increase of 110 percent.

Policies under both enhanced and standard PTCs require that household premium contributions get larger as income increases. This pattern is seen in figure 1, where we see that people with incomes over 400 percent of FPL pay the highest average premiums. People in this income category are eligible for federal subsidies under enhanced PTCs but not under original PTCs. We project they will pay \$8,471 in average annual premiums in 2026 under standard PTCs, which is over 90 percent above the amount they would pay if enhanced PTCs remained.

FIGURE 1

Projected Average Annual Premiums Paid by People with Subsidized Marketplace Coverage under Enhanced and Standard Premium Tax Credits, by Federal Poverty Level, 2026



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Source: The Urban Institute, Health Insurance Policy Simulation Model, 2025.

Note: PTC = premium tax credit; FPL = federal poverty level. FPL varies by year and household size; for 2024, FPL is \$15,650 for an individual and \$32,150 for a family of four, and 400 percent of FPL is \$62,600 for an individual and \$128,600 for a family of four. Percentages are the differences between net premiums under enhanced and standard premium tax credits per FPL category.

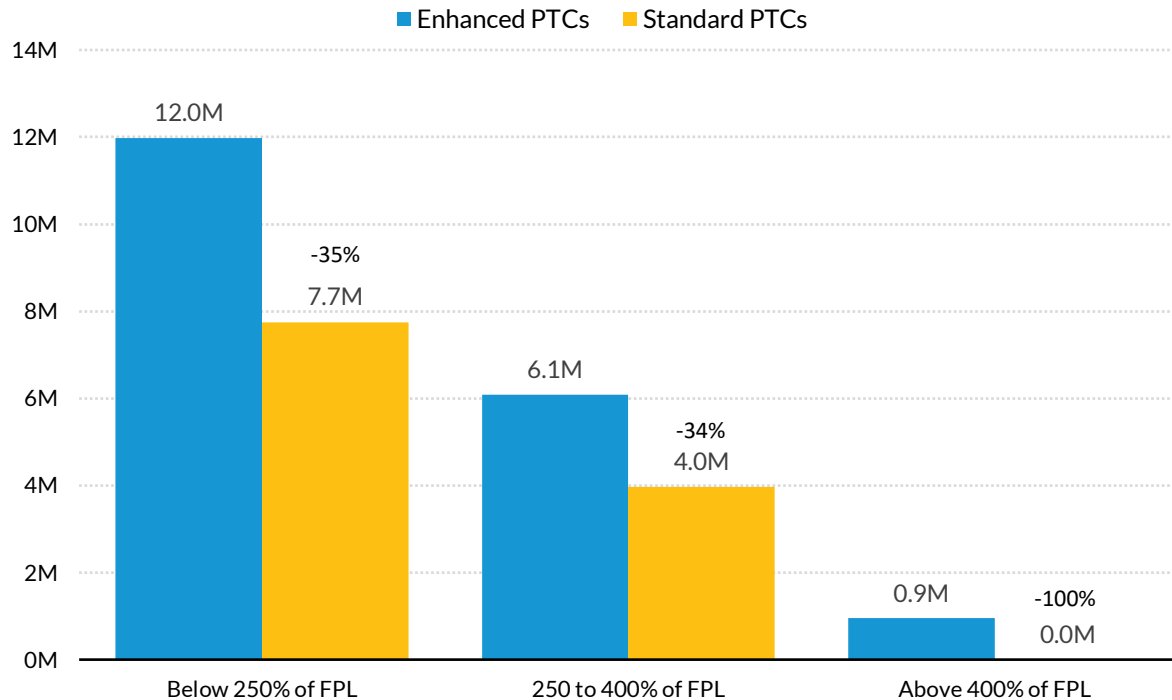
<sup>a</sup>No federal subsidies are available to people above 400 percent of FPL under original PTCs, so premiums shown are for unsubsidized Marketplace participants who would have been subsidized under enhanced PTCs.

**Expiration of enhanced PTCs leads to lower Marketplace enrollment in all income categories.** We estimate lower Marketplace enrollment across all income categories in 2026 because of standard PTCs replacing enhanced PTCs (figure 2). Among people with incomes below 250 percent of FPL, we project a decrease in subsidized Marketplace coverage of 4.2 million people, or 35 percent. Among people with incomes between 250 and 400 percent of FPL, we project a decrease of 2.1 million people, or 34 percent.



FIGURE 2

Subsidized Marketplace Coverage with Enhanced and Standard Premium Tax Credits by Federal Poverty Level, 2026



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Source: The Urban Institute, Health Insurance Policy Simulation Model, 2025.

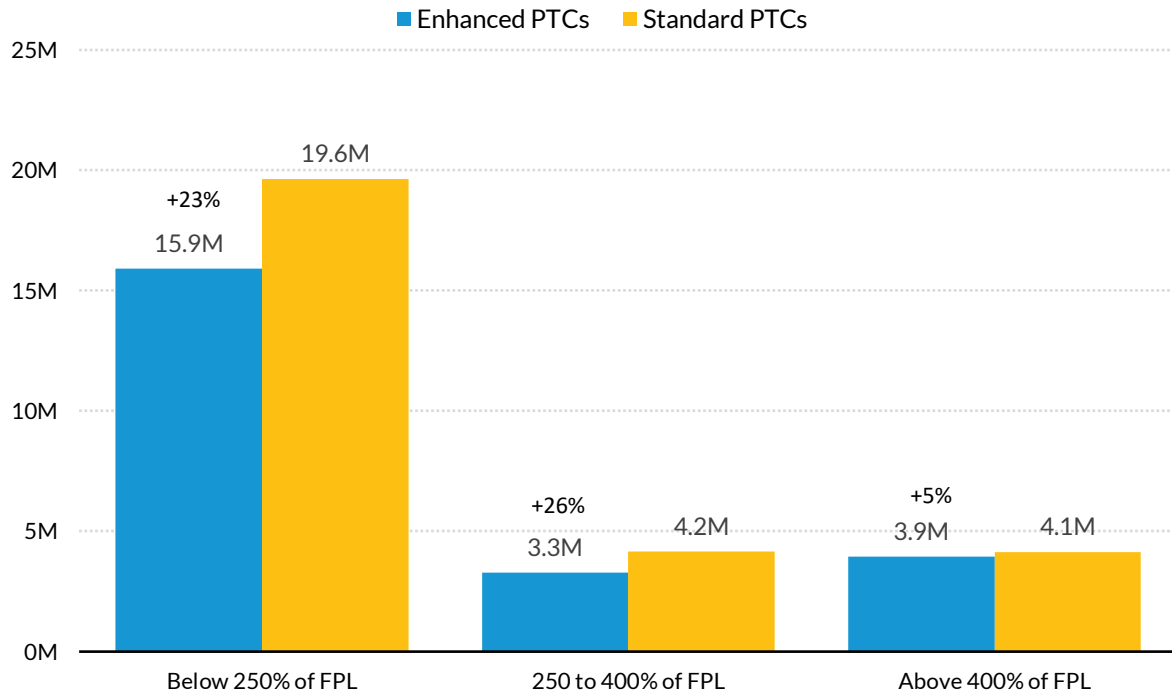
Note: PTC = premium tax credit; FPL = federal poverty level. FPL varies by year and household size; for 2024, FPL is \$15,650 for an individual and \$32,150 for a family of four, and 400 percent of FPL is \$62,600 for an individual and \$128,600 for a family of four.

Among people with incomes above 400 percent of FPL, who first became eligible for PTCs in 2021, we project a substantial decrease in Marketplace enrollment in 2026 if enhanced PTCs expire. Under standard PTCs, people in this group would not be eligible for any federal subsidies.<sup>11</sup> In 2026, we project that over 900,000 people in this income category will lose subsidized Marketplace coverage and either pay the full premium without assistance or drop nongroup coverage.

**Expiration of enhanced PTCs increases uninsurance in all income categories.** We estimate greater uninsurance across all income categories, but especially among those with incomes below 400 percent of FPL, in 2026 if standard PTCs replace enhanced PTCs (figure 3). Among people with incomes below 250 percent of FPL, we project an increase in uninsurance of 3.7 million people, or 23 percent. Almost 90 percent of people in that group who lose subsidized Marketplace coverage will become uninsured. Among people with incomes between 250 and 400 percent of FPL, we project an increase in uninsurance of 0.9 million people, a 26 percent rise that represents over 40 percent of those losing nongroup coverage with PTCs.

FIGURE 3

**Uninsurance among the Nonelderly with Enhanced and Standard Marketplace Premium Tax Credits by Federal Poverty Level, 2026**



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**Source:** The Urban Institute, Health Insurance Policy Simulation Model, 2025.

**Note:** PTC = premium tax credit; FPL = federal poverty level. FPL varies by year and household size; for 2024, FPL is \$15,650 for an individual and \$32,150 for a family of four, and 400 percent of FPL is \$62,600 for an individual and \$128,600 for a family of four.

Among people with incomes above 400 percent of FPL, who will not be eligible for any federal subsidies if enhanced PTCs expire, we project that 0.2 million people will become uninsured. This 5 percent increase in uninsurance is 20 percent of those losing PTCs. People in this group are more likely to pick up coverage from an employer than those in other groups and are more willing to pay the full premium, which will average more than \$4,000 more without assistance than with the PTC.

### Variation in Coverage Effects by States and Selected Demographic Subgroups

*The effects of expiration of the enhanced PTCs on subsidized Marketplace coverage and uninsurance would vary widely by state.* Decreases in enrollment would be as small as 9 percent in Utah and Vermont and 12 percent in Connecticut, which fully subsidizes premiums and cost sharing up to 175 percent of FPL, to 60 percent or more in Louisiana and Texas (table 2). Increases in uninsurance vary as well, with minimal changes in Hawaii, Vermont, and the District of Columbia, but increases of 50 percent in South Carolina and 65 percent in Mississippi.

TABLE 3

### Change in Subsidized Marketplace Coverage and Uninsurance by State under Expiration of Enhanced PTCs, 2026

State	Subsidized Marketplace Coverage		Uninsurance	
	Change	Percent difference	Change	Percent difference
<b>Total</b>	<b>-7,288</b>	<b>-38%</b>	<b>4,765</b>	<b>21%</b>
Alabama	-198	-45%	125	34%
Alaska	-7	-29%	7	8%
Arizona	-145	-42%	141	24%
Arkansas	-57	-40%	40	24%
California	-420	-25%	203	8%
Colorado	-71	-31%	63	16%
Connecticut	-14	-12%	7	4%
Delaware	-12	-29%	7	11%
District of Columbia	-1	-45%	*	1%
Florida	-1,080	-33%	592	29%
Georgia	-694	-53%	372	39%
Hawaii	-3	-18%	1	1%
Idaho	-35	-38%	15	9%
Illinois	-110	-28%	106	10%
Indiana	-89	-37%	86	22%
Iowa	-27	-28%	24	24%
Kansas	-73	-42%	82	32%
Kentucky	-18	-26%	13	6%
Louisiana	-144	-61%	85	32%
Maine	-9	-15%	8	15%
Maryland	-47	-24%	32	9%
Massachusetts	-48	-16%	7	3%
Michigan	-108	-27%	64	16%
Minnesota	-12	-12%	8	3%
Mississippi	-150	-58%	145	65%
Missouri	-114	-34%	60	15%
Montana	-21	-31%	15	29%
Nebraska	-22	-22%	18	17%
Nevada	-29	-30%	22	5%
New Hampshire	-14	-29%	12	20%
New Jersey	-81	-23%	57	9%
New Mexico	-11	-17%	9	4%
New York	-52	-37%	27	4%
North Carolina	-123	-17%	36	4%
North Dakota	-11	-32%	5	9%
Ohio	-143	-34%	107	26%
Oklahoma	-99	-39%	60	18%
Oregon	-57	-55%	59	24%
Pennsylvania	-92	-20%	74	14%
Rhode Island	-6	-15%	2	5%
South Carolina	-330	-57%	183	50%
South Dakota	-14	-38%	14	25%
Tennessee	-270	-54%	203	41%
Texas	-1,936	-60%	1,382	39%
Utah	-28	-9%	9	4%
Vermont	-3	-9%	*	**
Virginia	-94	-30%	50	9%
Washington	-57	-25%	46	9%

State	Subsidized Marketplace Coverage		Uninsurance	
	Change	Percent difference	Change	Percent difference
<b>Total</b>	<b>-7,288</b>	<b>-38%</b>	<b>4,765</b>	<b>21%</b>
West Virginia	-30	-58%	27	35%
Wisconsin	-60	-23%	35	9%
Wyoming	-15	-33%	18	26%

Source: The Urban Institute, Health Insurance Policy Simulation Model, 2025.

Note: PTC = premium tax credit. \* = less than 500 people; \*\* = less than 0.5%. Changes are from a baseline of extended enhanced PTCs.

***Increases in uninsurance if enhanced PTCs expire will not fall evenly among different people.***

Uninsurance will increase by as much as 30 percent among Black, non-Hispanic people, and by 25 percent among White, non-Hispanic people. Uninsurance among Hispanics would increase by a smaller rate, 15 percent, largely because of immigration restrictions on eligibility for PTCs (table 4).

The number of uninsured young adults ages 19 to 34 would increase by 25 percent without enhanced PTCs, notably higher than the increase for older adults (19 percent for ages 35 to 54 and 17 percent for ages 55 to 64). Children would see a smaller increase in uninsurance (14 percent) because of their higher income eligibility for Medicaid and CHIP, though, as we have noted, fewer children would be enrolled in these programs as fewer parents seek Marketplace coverage.

TABLE 4

**Characteristics of the Nonelderly Uninsured under Enhanced and Standard Marketplace Premium Tax Credits, 2026**

Characteristics	Uninsured under Enhanced PTCs		Uninsured under Standard PTCs		Difference	% difference
	Number of uninsured	Uninsured rate	Number of uninsured	Uninsured rate		
<b>Race &amp; Ethnicity</b>						
White, non-Hispanic	8,914	5.3%	11,175	6.6%	2,261	25%
Hispanic	8,839	17.2%	10,130	19.7%	1,291	15%
Black, non-Hispanic	3,115	9.0%	4,040	11.6%	925	30%
Asian and Pacific Islander	1,264	7.9%	1,380	8.7%	116	9%
American Indian/Alaska Native	699	14.3%	824	16.8%	125	18%
Other	318	5.9%	367	6.8%	48	15%
<b>Age group</b>						
0–18	3,347	4.2%	3,800	4.8%	453	14%
19–34	9,040	12.4%	11,316	15.5%	2,276	25%
35–54	8,414	9.4%	10,041	11.2%	1,627	19%
55–64	2,348	6.1%	2,758	7.1%	410	17%
<b>Total</b>	<b>23,150</b>	<b>8.2%</b>	<b>27,915</b>	<b>9.9%</b>	<b>4,765</b>	<b>21%</b>

Source: The Urban Institute, Health Insurance Policy Simulation Model, 2025.

Note: PTC = premium tax credit.

## Discussion

The enhanced PTCs originally adopted under ARPA in 2021 and extended through 2025 by the Inflation Reduction Act have dramatically increased enrollment in the Marketplace. In this brief, we compare scenarios with and without enhanced PTCs to demonstrate the full impact of the tax credits in 2026. We project that in 2026, reverting to standard PTCs would decrease subsidized Marketplace enrollment by 7.3 million compared with a scenario that extends enhanced PTCs, or 38 percent. Eight states, Georgia, Louisiana, Mississippi, Oregon, South Carolina, Tennessee, Texas, and West Virginia, would see their subsidized Marketplace enrollment fall by more than half. By making premiums for Marketplace coverage significantly less affordable, these subsidies will also increase the number of uninsured by 4.8 million people, a 21 percent increase compared with a policy of extended enhanced PTCs.

We find that allowing the enhanced PTCs to expire substantially increases net premium costs for those getting PTCs across all income groups. If enhanced PTCs expire, net premiums would more than quadruple in the lowest income groups, below 250 percent of FPL; net premiums would more than double for people with incomes between 250 and 400 percent of FPL, and would nearly double for those with incomes above 400 percent of FPL. The debate around the OBBA and uncertainty around CMS Marketplace rules occurred as insurers submitted bids and states announced final 2026 premiums. These have now been set in each state and may not automatically change in response to late changes, such as the court stay of the Marketplace rules or the renewal of enhanced PTCs if they are expanded. After 2026, however, average health risk would increase if enhanced PTCs expire, and that would additionally increase gross premiums faced by those above 400 percent of FPL who are no longer eligible for PTCs.

The expiration of the enhanced PTCs would reduce the size of the overall nongroup market, including the Marketplace, and increase the likelihood of insurer exits and less competition among insurers. Compared with the fluctuation and instability of premiums in the nongroup market before the ACA, this is a significant and sometimes overlooked benefit. A larger market with more enrollees encourages more entry from insurers, resulting in greater competition among the insurers and potentially leading to more plan choices and lower premium increases than would occur in a smaller nongroup market (Jacobs, Banthin, and Trachtman 2015). A larger market is also more protected against the risk of disruption should an insurer leave the market. Although market size doesn't protect against rising health care costs, it may offer space for state policy innovations.

This additional market size and stability could be even more important after 2026, when the OBBA provisions, such as further restrictions on PTC eligibility for lawfully present immigrants and the elimination of automatic enrollment with PTCs, will reduce Marketplace enrollment further, with or without enhanced PTCs. Also, if provisions of the 2026 Marketplace Integrity rule that have been stayed by the court take effect in later years, there would be further reductions in enrollment. At the time of writing, it is unclear what would be in effect after 2026.

Both we and the Congressional Budget Office estimated last year that enhanced PTCs would reduce uninsurance by roughly 4 million people (Banthin et al. 2024). Enrollment in the 2025 open enrollment period was substantially higher than in 2024, so we now estimate that enhanced PTCs would make a larger difference in uninsurance, given the court stay of CMS rules and that few OBBA provisions affecting Marketplace enrollment take effect in 2026.

We do not assume major economic changes in 2026. If there is an economic downturn, employer-sponsored health insurance would be lower both with and without enhanced PTCs. More people losing Marketplace coverage under a scenario without enhanced PTCs would become uninsured, and fewer would transition to employer-sponsored insurance. Even without an economic downturn, employers are predicted to face the largest increase in health benefit costs this fall since 2010, with premium increases, even after planned reductions in benefits, rising by 6.5 percent on average, which could affect the affordability of employer-sponsored coverage and lead to reduced offers of health insurance from small employers.<sup>12</sup>

Both potential economic trends highlight the critical role of the Marketplace to serve as an important source of coverage for those without access to employer-sponsored insurance. The Marketplace also serves the self-employed. For example, it is estimated that nearly half of the adults currently enrolled in the Marketplace are self-employed, own small businesses, or work for small employers with fewer than 25 workers.<sup>13</sup> Under an economic downturn without enhanced PTCs, self-employed and small business employees would have fewer options for affordable coverage.

## Conclusion

Since the enhanced PTCs were first adopted in 2021, they have led to record-high enrollment in the Marketplaces at all income levels. They will expire at the end of 2025 without action from Congress. Enhanced PTCs resulted in lower net premiums for Marketplace consumers at all income levels and created a zero-cost premium option for many low-income consumers. Even those not eligible for PTCs see lower premiums with enhanced PTCs because the additional enrollment has improved the nongroup market risk pool. If Congress does not extend enhanced PTCs, we project that these gains will be reversed, and 4.8 million people will become uninsured in 2026.

## Notes

<sup>1</sup> The enhanced PTCs were adopted in the [American Rescue Plan Act of 2021](#) and were extended by the [Inflation Reduction Act of 2022](#).

<sup>2</sup> Marketplace Open Enrollment Period Public Use Files for 2021–25, see “Marketplace Products,” CMS.gov, accessed September 12, 2025, <https://www.cms.gov/data-research/statistics-trends-and-reports/marketplace-products>.

<sup>3</sup> “2025 Marketplace Integrity and Affordability Final Rule,” CMS.gov, June 20, 2025, <https://www.cms.gov/newsroom/fact-sheets/2025-marketplace-integrity-and-affordability-final-rule>.

<sup>4</sup> See *City of Columbus v. Robert F. Kennedy, Jr.* The parts of the rule stayed by the Maryland District Court include the following provisions:

- permit coverage denials for past-due premiums
- require additional documentation to verify income
- require additional documents to verify eligibility for special enrollment periods through the federal Marketplace
- deny advance PTC payments more quickly for failure to satisfy tax filing requirements
- require a minimum \$5 premium from consumers who are automatically re-enrolled in the federal Marketplace
- expand the de minimis ranges for Marketplace plans actuarial values

For all but the last of these provisions, the Department of Justice has not asked for emergency relief, so they will not take effect for the coming open enrollment period. For the provision expanding the de minimis ranges for Marketplace plan actuarial values, the Department of Justice has asked for an immediate reversal, though that provision remains stayed as of this writing.

<sup>5</sup> Recent immigrants (within five years) who were ineligible for Medicaid for immigration reasons could have eligibility below 100 percent of FPL.

The standard (original law) PTC income thresholds are indexed, so vary from year to year. They are, however, always less generous than the thresholds under ARPA/Inflation Reduction Act. Thresholds for 2026 are available at “[26 CFR 601.105: Examination of Returns and Claims for Refund, Credit, or Abatement; Determination of Correct Tax Liability](#),” IRS.gov, accessed September 12, 2025.

Lastly, FPL varies by year and household size; for 2025 FPL is \$15,650 for an individual and \$32,150 for a family of four; 250 percent of FPL is \$39,125 for an individual and \$80,375 for a family of four; 400 percent of FPL is \$62,600 for an individual and \$128,600 for a family of four; FPL levels are higher in Alaska and Hawaii; all levels can be found at “[2025 Poverty Guidelines: 48 Contiguous States \(all states except Alaska and Hawaii\)](#),” ASPE.HSS.gov, accessed September 12, 2025.

<sup>6</sup> Marketplace Open Enrollment Period Public Use Files for 2021–25, see “Marketplace Products,” CMS.gov.

<sup>7</sup> Both the OBBBA and the Marketplace Integrity rule effectively eliminate income-based Special Enrollment Periods in 2026.

<sup>8</sup> 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>.

<sup>9</sup> “Marketplace 2024 Open Enrollment Period Report: National Snapshot,” CMS.gov, January 10, 2024, <https://www.cms.gov/newsroom/fact-sheets/marketplace-2024-open-enrollment-period-report-national-snapshot-0>.

<sup>10</sup> “Following Devastating Federal Funding Cuts, New York State Takes New Action to Preserve Health Care for as Many New Yorkers as Possible,” New York State Department of Health, September 10, 2025, [https://www.health.ny.gov/press/releases/2025/2025-09-10\\_federal\\_funding\\_cuts.htm](https://www.health.ny.gov/press/releases/2025/2025-09-10_federal_funding_cuts.htm).

<sup>11</sup> California previously offered premium subsidies to persons with incomes over 400 percent of FPL, but discontinued the program when ARPA/Inflation Reduction Act subsidies became available. New Jersey currently offers limited premium subsidies to persons with incomes up to 600 percent of FPL. See Louise Norris, “Which States Offer Their Own Health Insurance Subsidies,” Healthinsurance.org, May 8, 2024, <https://www.healthinsurance.org/faqs/which-states-offer-their-own-health-insurance-subsidies/>.

<sup>12</sup> Beth Umland and Sunit Patel, “Employers Prepare for the Highest Health Benefit Cost Increase in 15 Years,” Mercer, September 3, 2025, <https://www.mercer.com/en-us/insights/us-health-news/employers-prepare-for-the-highest-health-benefit-cost-increase-in-15-years/>.

<sup>13</sup> Matt McGough, Gary Claxton, Matthew Rae, and Cynthia Cox, “About Half of Adults with ACA Marketplace Coverage are Small Business Owners, Employees, or Self-Employed,” KFF, September 10, 2025, <https://www.kff.org/affordable-care-act/about-half-of-adults-with-aca-marketplace-coverage-are-small-business-owners-employees-or-self-employed/>.

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