



How Congress Can Keep Coverage Affordable

Extend the Enhanced Premium Tax Credits

September 2025

Recently, the Department of Financial Services announced the final approved 2026 rates for the Individual Market. In announcing the approved rates, the Department cited the rising cost of medical care, including in-patient hospital stays and rapid increases in drug prices, as the main drivers of health insurance premium increases. An additional factor contributing to higher premiums: ***the potential loss of enhanced premium tax credits***. Unless Congress extends them, this funding will expire at the end of 2025, resulting in increased costs for hundreds of thousands of New Yorkers.

Understanding the Enhanced Premium Tax Credits

The Affordable Care Act established premium tax credits to assist low- and moderate-income individuals with their premiums for qualified health plans offered through state and federal health insurance exchanges. The American Rescue Plan Act of 2021 increased the amount of these tax credits, expanding eligibility to households with an annual income over 400% of the federal poverty level and lowering the maximum household contribution. Congress later extended these tax credits through 2025 under the Inflation Reduction Act of 2022.

The enhanced premium tax credits have helped millions of Americans purchase coverage. Individuals at the lowest income level – under 150% of the federal poverty level – pay little or nothing for their plan and households with an annual income of 400% of the federal poverty level (\$60,240 for an individual; \$124,800 for a family of four for coverage year 2025) pay no more than 8.5% of their household income.

The loss of this federal assistance will make it harder for individuals to maintain their coverage. A December 2024 letter from the Congressional Budget Office discussing the tax credits noted, “***not extending them – either for a year or permanently – will increase the number of people without health insurance.***”

The Impact on New Yorkers

According to the NY State of Health, the loss of the American Rescue Plan’s enhanced premium tax credits is projected to increase premiums on average 38% for 140,000 New Yorkers who receive them. Additionally, state estimates project that the loss of the tax credits will increase rates by at least 5% for 100,000 individuals who purchase coverage in the individual market but do not qualify for them. This equates to an increase in cost of \$114 per month for an individual and \$228 per month for a couple.

Congress Must Extend the Premium Tax Credits to Provide Relief to Consumers

The enhanced premium tax credits have provided critical support to individuals and families who would otherwise struggle to afford the high cost of health care. Absent the credits being extended, consumers will face significantly sudden and steep premium increases with many facing the likelihood of foregoing coverage altogether.

There is still time for Congress to prevent this affordability crisis. By acting swiftly now to extend the enhanced premium tax credits, Congress can mitigate the increases consumers will face when they enroll this fall.