

Implications of the Enhanced PTC Expiration on the Rate Review Process

April 18, 2025

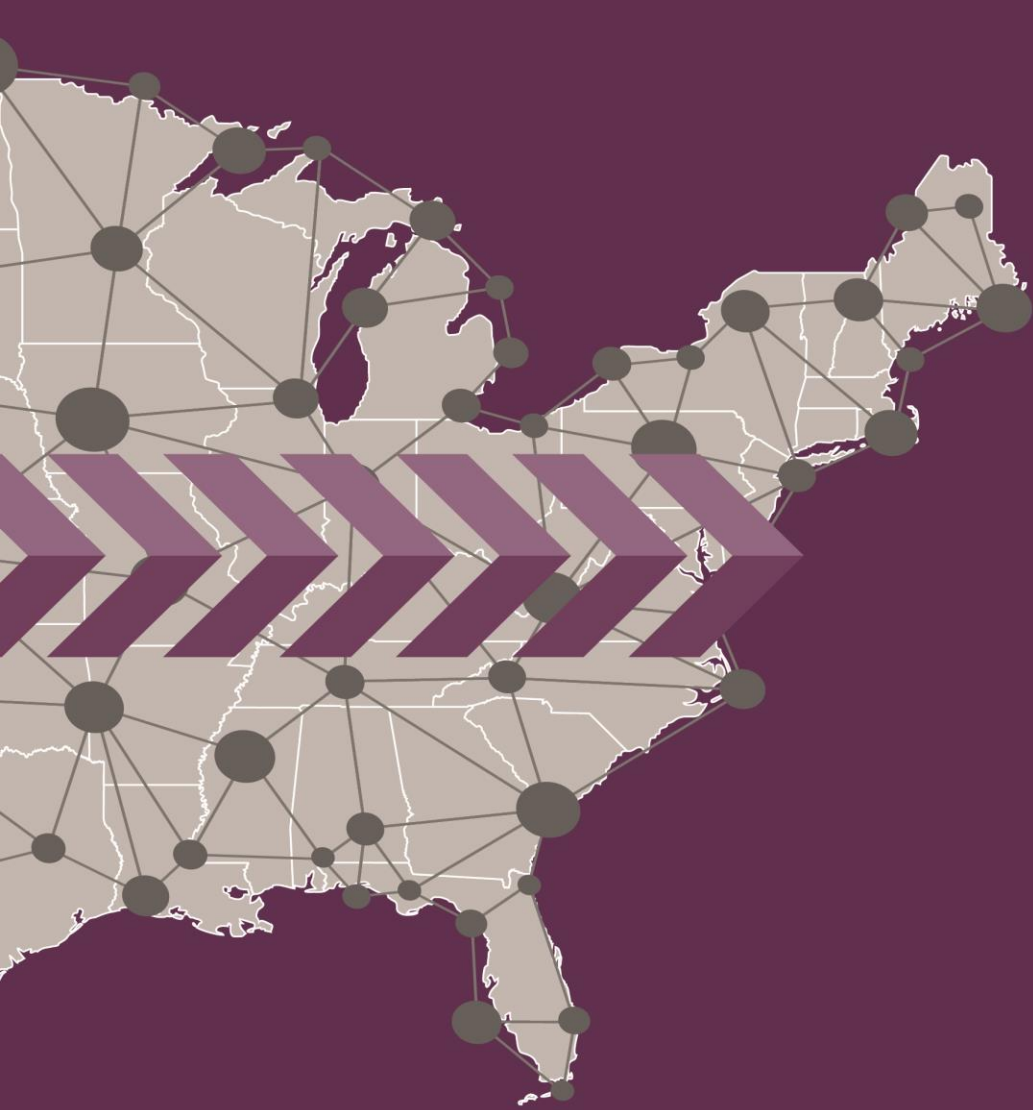
2:00 – 3:00 p.m. ET

Please stand by, this webinar will begin shortly

STATE
Health & Value
STRATEGIES

*Driving Innovation
Across States*

A grantee of the Robert Wood Johnson Foundation



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State Health and Value Strategies (SHVS) assists states in their efforts to transform health and healthcare by providing targeted technical assistance to state officials and agencies. The program is a grantee of the Robert Wood Johnson Foundation, led by staff at Princeton University's School of Public and International Affairs. The program connects states with experts and peers to undertake healthcare transformation initiatives. By engaging state officials, the program provides lessons learned, highlights successful strategies, and brings together states with experts in the field. Learn more at www.shvs.org.

Questions? Email Heather Howard at heatherh@Princeton.edu.

*Support for this webinar was provided by the Robert Wood Johnson Foundation.
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About Manatt Health

Manatt Health, a division of Manatt, Phelps & Phillips, LLP, is an integrated legal and consulting practice with over 160 professionals in nine locations across the country. Manatt Health supports states, providers, and insurers with understanding and navigating the complex and rapidly evolving healthcare policy and regulatory landscape. Manatt Health brings deep subject matter expertise to its clients, helping them expand coverage, increase access, and create new ways of organizing, paying for, and delivering care. For more information, visit www.manatt.com/ManattHealth.aspx

Housekeeping Details

- Use the 'Q&A' function in Zoom to submit questions and comments to the meeting facilitators. **Note that you must select to submit a question anonymously.**
- All participant lines are muted.
- After the webinar, the slide deck and a recording will be available at www.shvs.org.

Agenda

- **Level-Setting**

- **Covered California Deep Dive and Regulator Considerations**

- **Discussion: State Panel**

- **Q&A and Closing**



Level-Setting

History of Affordable Care Act Marketplaces and Premium Tax Credits

Since their implementation in 2014, nearly one in seven U.S. residents have enrolled in an Affordable Care Act (ACA) Marketplace plan at some point. Enhanced premium tax credits (ePTCs), introduced through the American Rescue Plan Act of 2021, have increased affordability for Marketplace consumers.

ePTCs have:



Increased subsidies for eligible individuals in the Marketplace.*



Reduced net premiums to zero for many people with incomes between 100% to 150% of the federal poverty level (FPL).



Made subsidies available to people with income above 400% of the FPL for the first time, effectively eliminating the ACA's “subsidy cliff.”

In 2022, Congress extended the ePTCs as part of the Inflation Reduction Act. This policy sunsets at the end of the 2025 plan year unless Congress extends it.

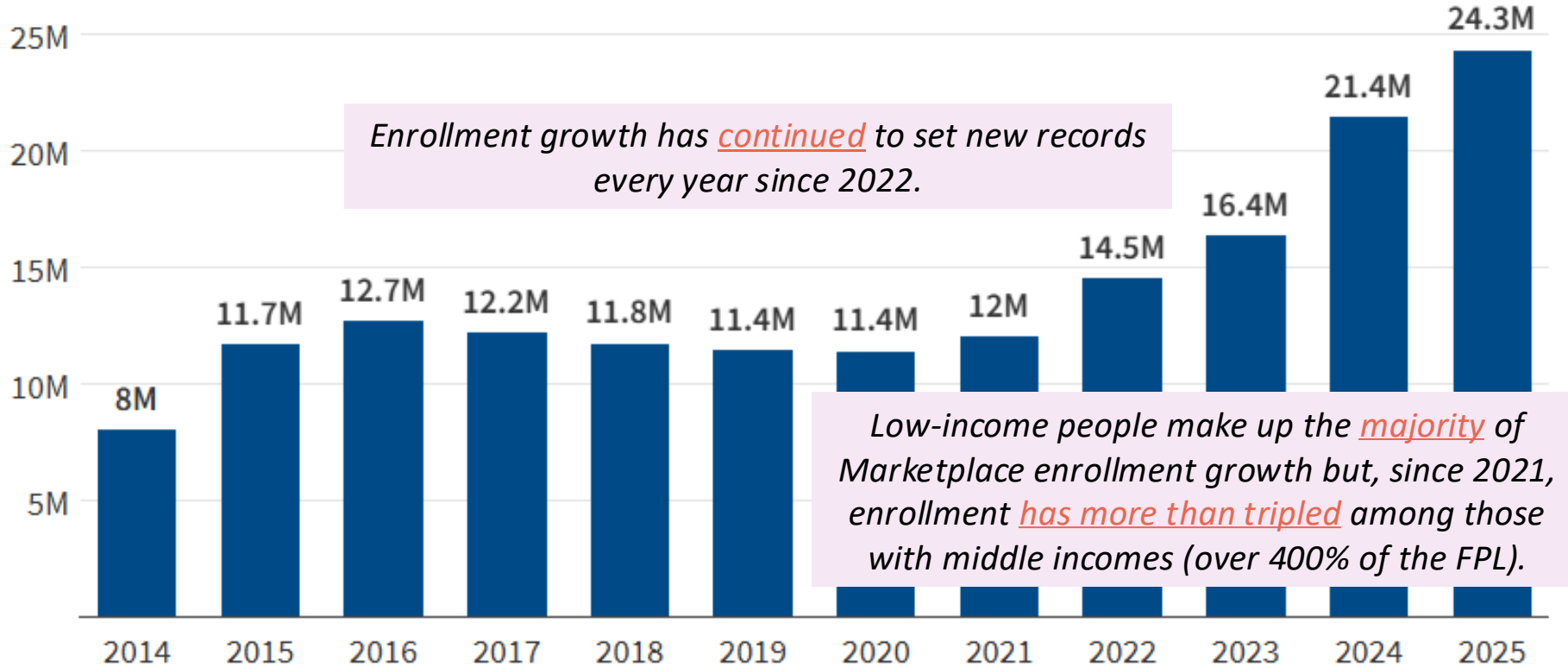
*ePTC provides an additional subsidy to people already eligible for the standard PTC and vary by individual based on a statutory formula. To be eligible to receive a PTC, individuals must have annual household income at or above 100% of the FPL; not be eligible for certain types of health insurance coverage, with exceptions; file a federal income tax return; and enroll in a Marketplace plan.

Sources: Commonwealth Fund, [Enhanced Premium Tax Credits for ACA Health Plans: Who They Help, and Who Gets Hurt If They're Not Extended](#). Congressional Research Service, [Health Insurance Premium Tax Credit and Cost-Sharing Reductions](#).

Marketplace Enrollment Trends (1/2)

Fueled in large part by the availability of the ePTCs, since 2020, enrollment in Marketplace coverage has more than doubled, growing by nearly 13 million (a 113% increase) over the last decade.

Total ACA Marketplace Plan Selections During Open Enrollment, 2014 – 2025



Note: 2025 enrollment data is as of the end of Open Enrollment for all states except Rhode Island. Rhode Island reports 2025 data through December 7, 2024.

Sources: Kaiser Family Foundation (KFF), Enrollment Growth in the ACA Marketplaces.

Overview of Potential Impacts if ePTCs Expire



Marketplace Enrollment and Uninsurance Rates

- The Congressional Budget Office (CBO) projects that [Marketplace enrollment would drop](#) from an estimated 22.8 million in 2025 to 18.9 million in 2026 (across all income categories). Enrollment would fall as low as 15.4 million by 2030.
- CBO also estimates [3.8 million](#) more people would become uninsured over the next ten years.
- Non-expansion states would see a [27% increase](#) in the number of uninsured residents. In particular, gains in enrollment among Black and Latino/a people would likely be [reversed](#).
- Rural communities could also be among the areas [hardest hit](#), given the ripple effects of reduced payments to health providers, supply chains, and state/local governments.



Marketplace Affordability

- Average annual premium payments would [rise](#) by 93% in 2026.
- The [combination](#) of a smaller market, higher average health risk among enrollees, and less competition among insurance carriers could drive premium costs even higher.
- Premiums are expected to [at least double](#) in 12 states using HealthCare.gov (i.e., AK, LA, MO, MS, NC, OK, SD, TN, TX, UT, WV, WY).
- Enrollees making more than 400% of the FPL would be [required](#) to pay the full cost of their premiums (on average \$2,900 more).

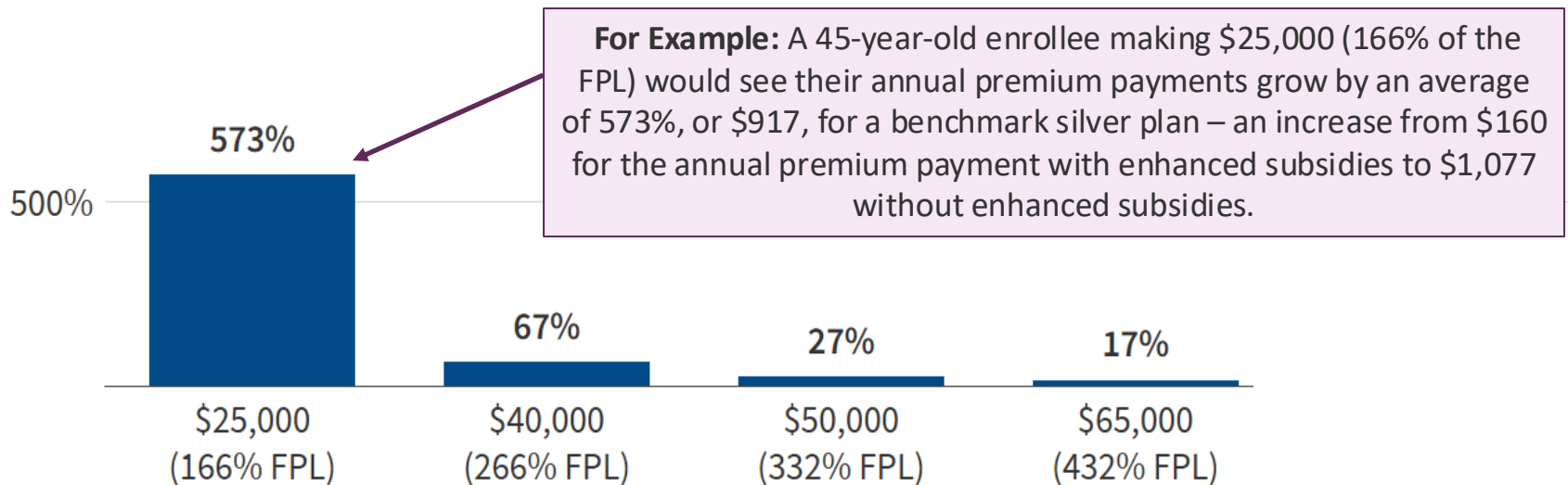


Other proposed federal changes, such as those outlined in the [Marketplace Integrity and Affordability proposed rule](#) and [cuts to federal Medicaid funding](#) could compound these impacts.

Deep Dive: ePTC Expiration and Premium Increases

Low-income enrollees would experience the steepest percent increase in their annual premium payments if ePTCs were unavailable.

Average Percent Change in Premium Payment for Benchmark Silver Plan if Enhanced Subsidies Expire, 45 Year Old



Data Notes:

- 2024 poverty guidelines that will be in place for the 2025 plan year were used to calculate required contributions. 2024 national average benchmark silver premium for a 45-year-old was used for this analysis.
- The required contribution for a 45-year-old making \$80,000 is greater than the cost of the benchmark silver plan; under the Inflation Reduction Act, their subsidy is calculated at zero.

Sources: Kaiser Family Foundation (KFF), [Inflation Reduction Act Health Insurance Subsidies: What is Their Impact and What Would Happen if They Expire](#).

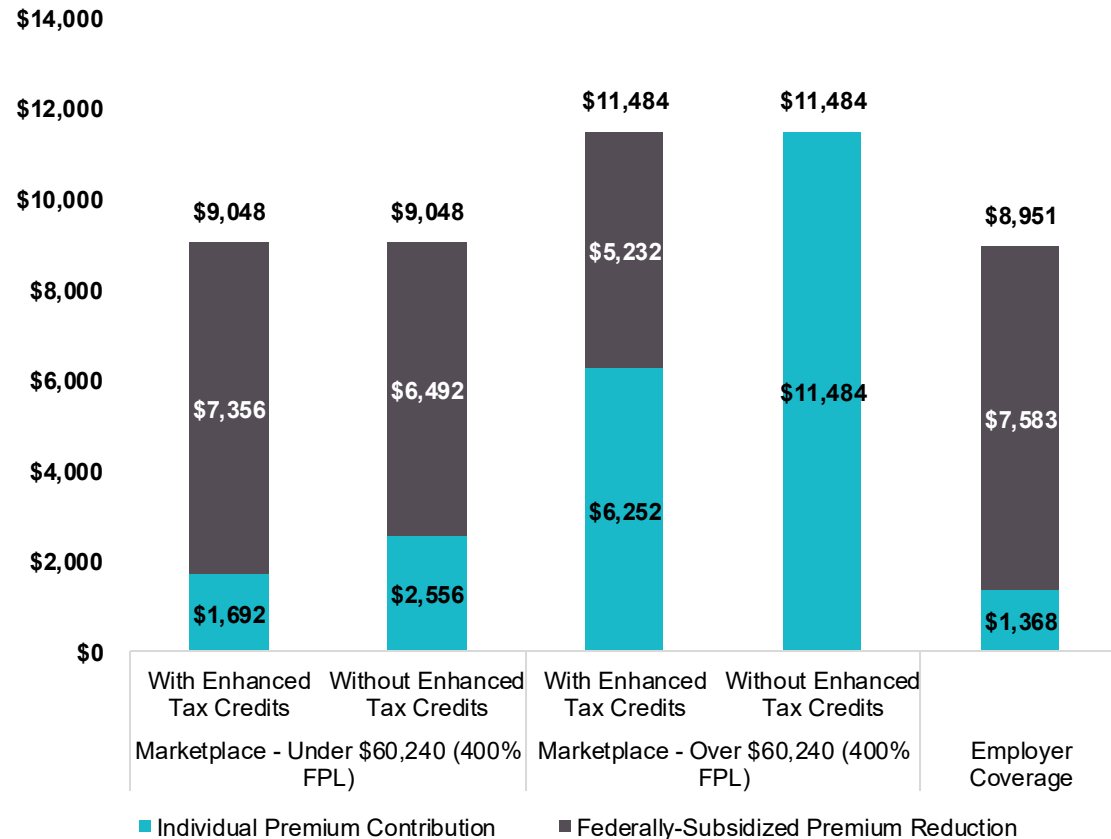


Covered California Deep Dive and Additional Considerations

TAX CREDITS ENSURE AFFORDABLE COVERAGE FOR SELF-EMPLOYED CONSUMERS (CA DATA)

- More than 500,000 enrollees in California receiving enhanced tax credits are self-employed, saving an additional \$106 per month on their premium costs.
- Subsidized coverage is particularly important for these consumers as they are not eligible for other sources of coverage, such as through an employer, and must rely on the individual market for coverage.
- Employed workers pay an average of \$1,368 per year in premiums. Without enhanced tax credits, middle income self-employed workers in CA would be asked to pay an average of nearly \$1,000 per month.

Annual Premium Amounts without the Enhanced Premium Tax Credit: Self-Employed Marketplace Enrollees and Employer Coverage

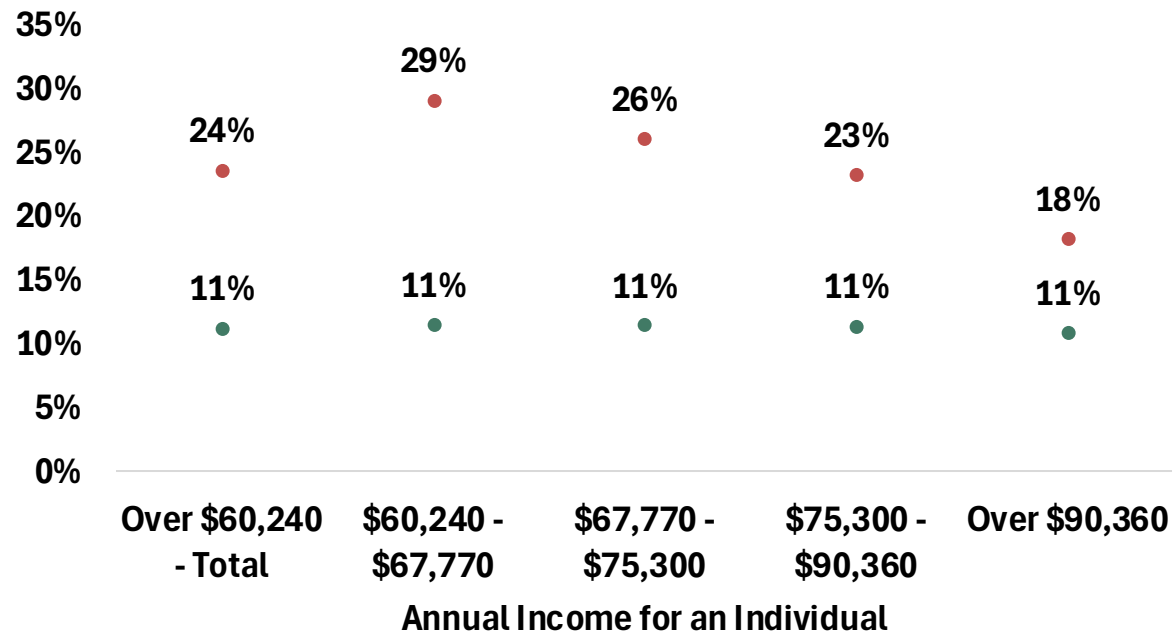


Source: Snapshot of January 2025 Covered California among individuals receiving monthly APTC. Employer data source: 2024 Employer Health Benefits Survey. KFF 2024. <https://www.kff.org/health-costs/report/2024-employer-health-benefits-survey/>

OLDER ENROLLEES COULD PAY MORE THAN A QUARTER OF THEIR HOUSEHOLD INCOME (CA DATA)

- ❑ Marketplaces provide an important bridge between retirement and Medicare for enrollees ages 55-64.
- ❑ Premiums are expected to double or more for enrollees ages 55-64 earning over \$60,240 annually without ePTCs, costing as much as \$1,193 per month in California.
- ❑ For some enrollees, this can consume as much as 29% of their annual incomes.

Average Premiums as a Percent of Income for Enrollees Ages 50-64 Earning Over \$60,240 Annually



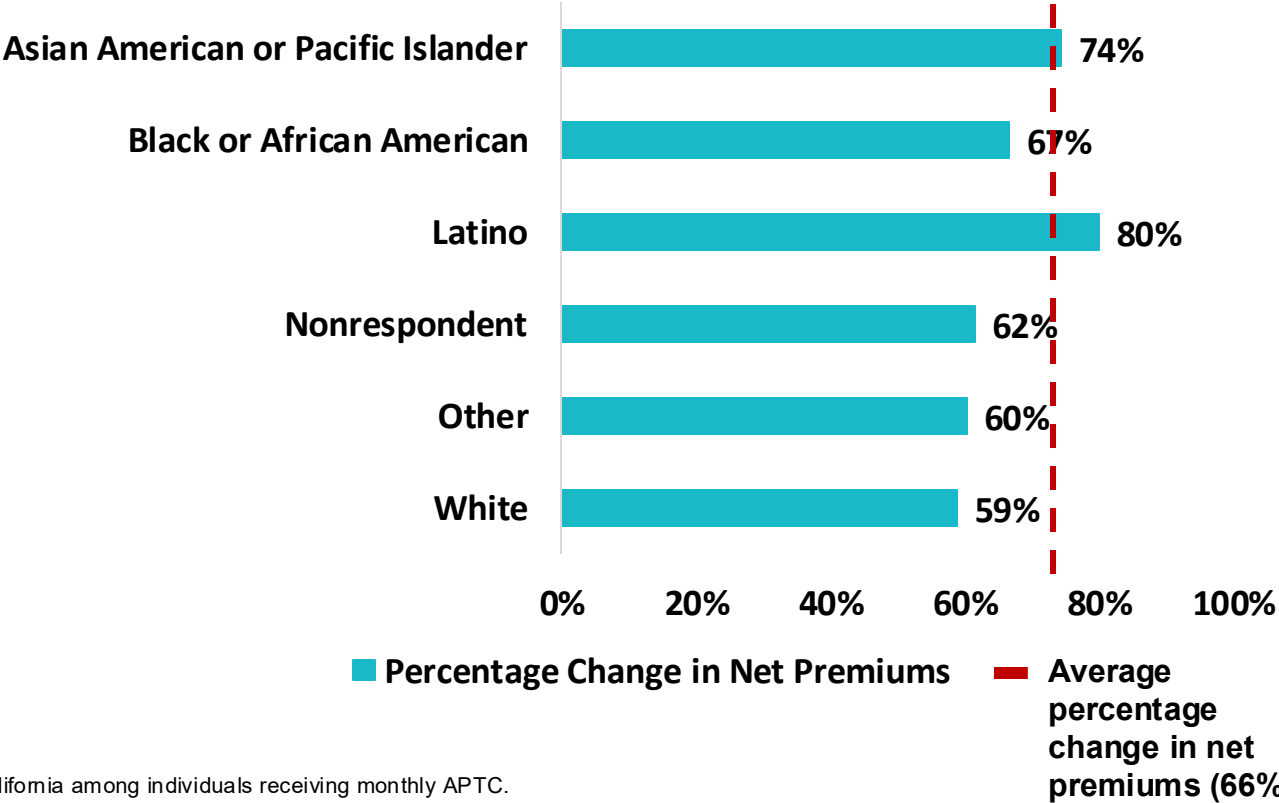
- Average Premiums as a Percent of Income - With Tax Credits
- Average Premiums as a Percent of Income - Without Tax Credits

Source: Snapshot of January 2025 Covered California among individuals receiving monthly APTC.

COMMUNITIES OF COLOR FACE LARGEST INCREASES IN PREMIUMS (CA DATA)

- ❑ While Covered California subsidized enrollees face an average 66% increase, premiums will increase more for communities of color.
- ❑ Communities that had some of the highest gains in enrollment since 2020 will face the greatest threats to affordable coverage without the enhanced tax credits.

Percentage Change in Net Premiums Without Extension of Enhanced Premium Tax Credits - Enrollees by Race/Ethnicity



Source: Snapshot of January 2025 Covered California among individuals receiving monthly APTC.

ENDING ENHANCED TAX CREDITS WILL HAVE BROAD IMPACTS

- ❑ Expiration of enhanced tax credits is projected to trigger a ripple effect throughout the entire health care industry.¹

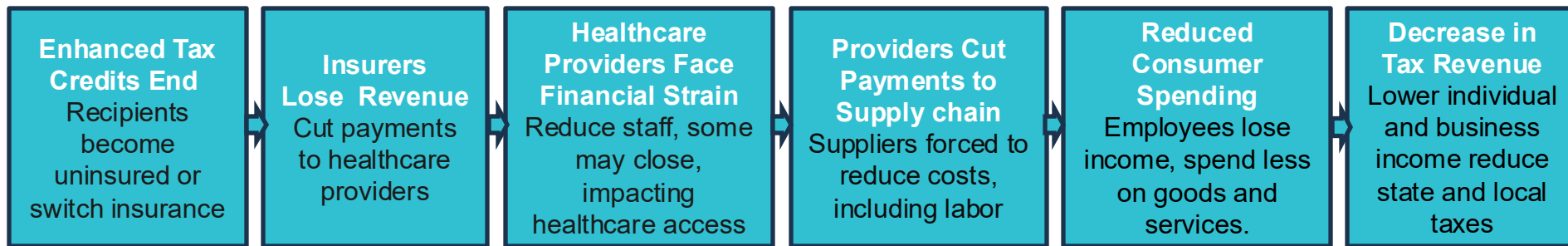


Fig. The dynamics of this ripple effect if ePTC disappear, adapted from Leighton et al. (2025)

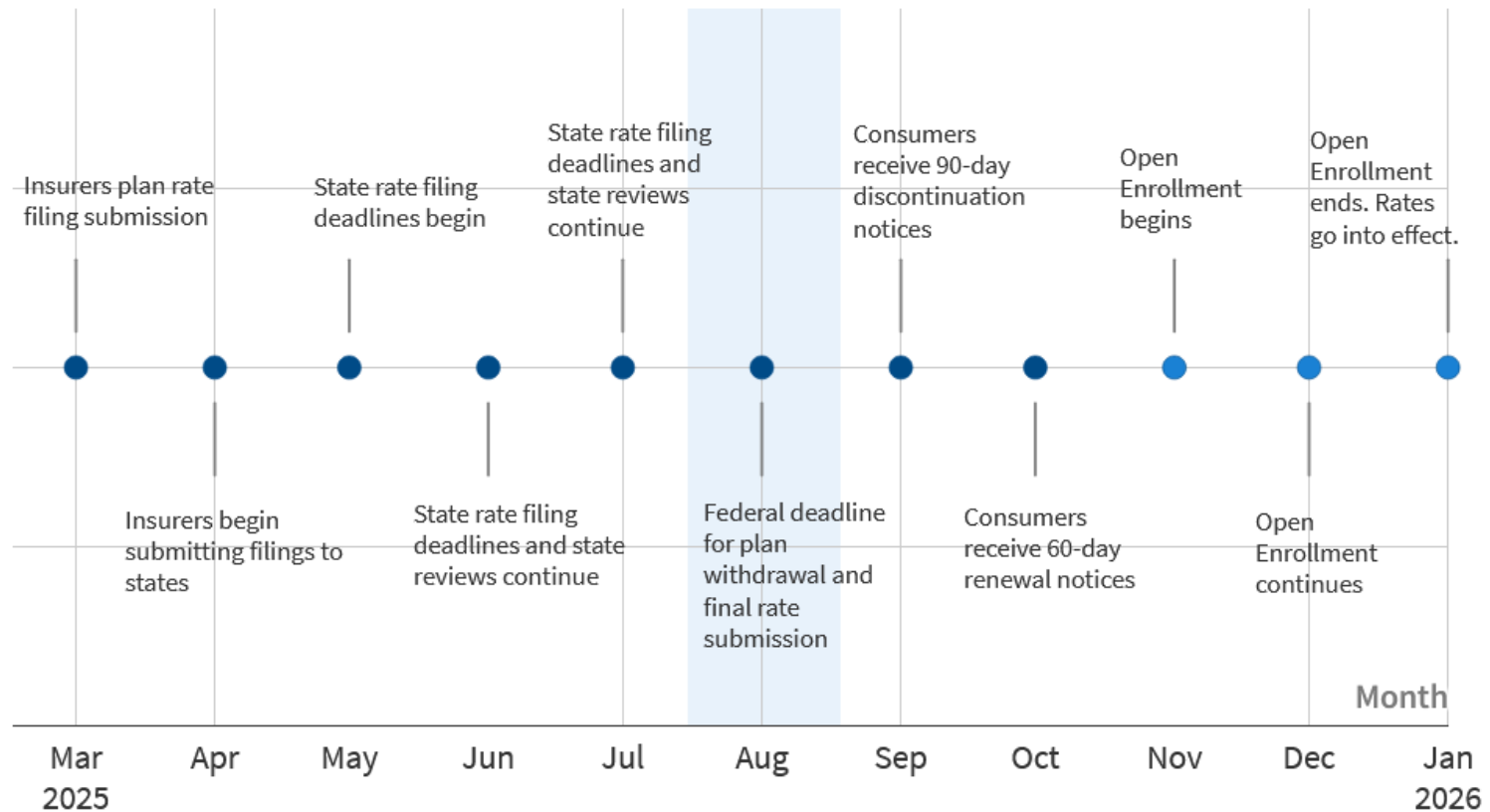
- ❑ **Significant Economic Impact by 2026:** The analysis anticipates a substantial downturn, with a \$26.1 billion decrease in federal tax credits. Predictions include a \$34.1 billion drop in state gross domestic products, a \$57.0 billion decline in economic output, and a nationwide loss of 286,000 jobs¹.
- ❑ These estimates do not consider the significant broad impacts that would result from changes or federal funding reductions to Medicaid.

Citation: 1. Leighton Ku et al., (2025) *The Cost of Eliminating the Enhanced Premium Tax Credits: Economic, Employment, and Tax Consequences* (Commonwealth Fund, Mar. 2025). <https://doi.org/10.26099/1arx-7a88>

TIMING CONSIDERATIONS FOR OPEN ENROLLMENT 2026

Insurers Will Need to Finalize 2026 Premium Rates by August of 2025

Annual Timeline for Insurer Premium Filings



- **Federally-Facilitated Marketplace Rate Filing Deadline:** August 13, 2025
- **State-Based Marketplace Rate Filing Deadline:** October 15, 2025.



Source: KFF, [Inflation Reduction Act Health Insurance Subsidies: What is Their Impact and What Would Happen if They Expire?](#)

STATE REGULATOR CONSIDERATIONS

- ❑ **Market Instability** – Enrollment losses resulting from the end of these enhanced tax credits will have a destabilizing impact on individual markets. Risk pool degradation due to healthier consumers disenrolling and associated premium growth are anticipated, and states should be aware of any potential changes to insurer participation as a result.
- ❑ **Plan and Rate Filing Approaches Given Uncertainty** – It is unlikely there will be certainty on the extension of the enhanced subsidies by the time plans and rates are filed for 2025. State regulators will need to work with plans and consider strategies that account for all contingencies (two sets of rates, etc.).
- ❑ **Interplay with Other State Initiatives [section 1332s, state affordability programs, Basic Health Plans (BHPs)]** – Loss of the enhanced tax credits may impact funding for other existing state initiatives such as section 1332 waivers and BHPs. Some states may also consider new or alter existing state affordability programs.
- ❑ **Coordination with State-Based Marketplaces** – State-based marketplaces will be navigating significant operational challenges, including system changes, consumer notification and support, and potentially significant revenue reductions as most are funded through per member per month user fees.



Discussion: State Panel

State Spotlights



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Key Takeaways for State Officials

- Effective rate review will **document the extent to which ePTC expiration will impact affordability and health security for millions of people.**
 - Departments of insurance (DOIs) have experience in collecting additional data from carriers to be prepared for alternative outcomes/contingencies.
- **DOIs and State-Based Marketplaces will have granular information to share with the public and political leaders** about those impacts across different types of enrollees at the local level.
 - Locally-generated data about higher premiums, reduced enrollment, and reduced insurer participation can be more compelling than aggregate national numbers.
- **Congressional action by August would be ideal**, but uncertainty may extend into fall.
 - States should remain nimble and be prepared for a range of scenarios, including the potential for modified PTCs.
- **Federal-state collaboration will be key to a successful Open Enrollment Period.**

Discussion

The slides and a recording of the webinar will be available at www.shvs.org after the webinar

Thank You

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Appendix

State Resources (1/2)

Resource	Source
National Association of Insurance Commissioners (NAIC) letters	<ul style="list-style-type: none"> • Link (March 2025) • Link (July 2024)
State Marketplace Network letters	<ul style="list-style-type: none"> • Link (March 2025) • Link (September 2024)
The Expiration of the PTC Enhancements: State-Specific Impacts	<ul style="list-style-type: none"> • SHVS Webinar (Link)
Summaries on the Marketplace Proposed Rule	<ul style="list-style-type: none"> • SHVS Expert Perspective (Link) • SHVS Webinar (Link) • Health Affairs Forefront Summaries Part 1 (Link) and Part 2 (Link)
Oregon Rate Review	<ul style="list-style-type: none"> • Rate review website (Link) • Consumer guide to Oregon rate review process (Link) • Consumer guide to 2025 rate filings (Link) • 2025 rate review legislation, HB 2564 (Link)
Pennsylvania Communication Resources	<ul style="list-style-type: none"> • Letter to Senators Casey and Fetterman (Link; September 2024) • Impact of the Enhanced Premium Tax Credits in Pennsylvania (Link) • Pennie Webpage on Affordability (Link)

State Resources (2/2)

Resource	Source
California Resources	<ul style="list-style-type: none"> News Release; Link (February 2025) Data Workbook, Link (March 2024) Issue Briefs: Link, Link, Link, Link, Link
Colorado News Release	<ul style="list-style-type: none"> Link (March 2025)
New Jersey Statement to the Fiscal Year 2026 Budget Assembly Budget Committee	<ul style="list-style-type: none"> Link (April 2025)
New York Analysis of Impact of ePTCs by Congressional District	<ul style="list-style-type: none"> Link (January 2025)
Oklahoma News Release	<ul style="list-style-type: none"> Link (March 2025)
Rhode Island Report	<ul style="list-style-type: none"> Link (February 2025)
Washington News Release and Fact Sheets	<ul style="list-style-type: none"> Link (January 2025)

Select Studies

Resource	Source
Robert Wood Johnson Foundation	<ul style="list-style-type: none"> Marketplace Pulse: What's at stake for enrollees over 400% FPL if enhanced premium tax credits expire? (Link) Marketplace Pulse: What if Enhanced Premium Tax Credits Expire in 2026? (Link)
Urban Institute	<ul style="list-style-type: none"> Enhanced PTCs Help Older Adults and Those in High-Premium States Afford Coverage (Link) Who Benefits from Enhanced Premium Tax Credits in the Marketplace (Link) The Impact of Enhanced Premium Tax Credits on Coverage by Race and Ethnicity (Link)
KFF	<ul style="list-style-type: none"> Congressional District Interactive Map: How Much Will ACA Premium Payments Rise if Enhanced Subsidies Expire? (Link) Who Might Lose Eligibility for Affordable Care Act Marketplace Subsidies if Enhanced Tax Credits Are Not Extended? (Link) Inflation Reduction Act Health Insurance Subsidies: What is Their Impact and What Would Happen if They Expire? (Link)
Commonwealth Fund	<ul style="list-style-type: none"> If Expanded Federal Premium Tax Credits Expire, State Affordability Programs Won't Be Enough to Stem Widespread Coverage Losses (Link) The Cost of Eliminating the Enhanced Premium Tax Credits (Link)
Center on Budget and Policy Priorities	<ul style="list-style-type: none"> Premium Tax Credit Improvements Must Be Extended to Prevent Steep Rise in Health Care Costs (Link)