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FACT SHEET

Health Care Costs Will Rise if ACA's Premium Tax Credits Expire

Six Reasons Why Congress Must Extend ACA Tax Credits

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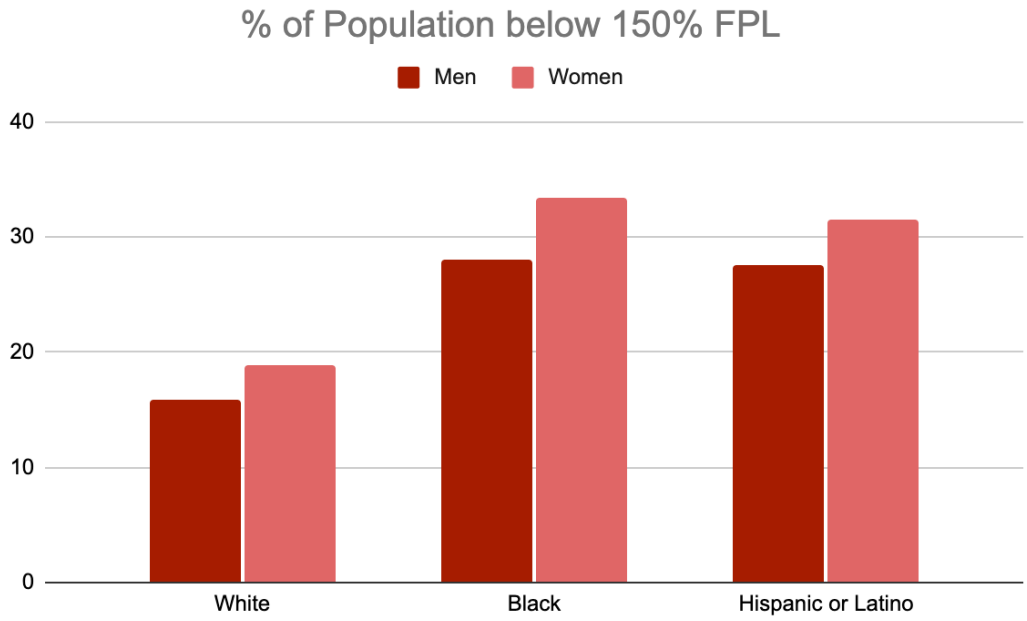
The passage of the Affordable Care Act (ACA) was the biggest advancement for women's health in a generation. The ACA expanded eligibility for affordable health coverage, prohibited gender rating and denial based on pre-existing conditions, mandated coverage of basic women's health services, and more.[1] The evidence since then demonstrates the significance of those actions. In the years after the ACA was passed, women's uninsurance rates were cut nearly in half[2] and the rates of uninsurance for new mothers sharply declined.[3] Women were more likely to report being able to find the insurance they were looking for compared with prior years[4] especially low-income women and those with poor health conditions[5] who due to systemic racism are more likely to be women of color.[6] The importance of having health insurance cannot be overstated, from increasing the use of life-saving preventative care[7] to reducing mortality rates from COVID-19.[8]

Despite these gains, there is a long way to go toward ensuring equity in access to affordable health care. Passage of the American Rescue Plan Act (ARPA) in early 2021 aimed for improvement, albeit temporarily. The bill greatly expanded eligibility and affordability by increasing ACA Premium Tax Credits (PTCs) —increasing by 20% the population of those eligible for subsidies and making zero-premium coverage accessible for nearly half of the uninsured population.[9] These additional measures to improve access and affordability worked. During last year's open enrollment period, ACA marketplace enrollment reached 14.5 million—the highest level yet—as enrollment grew by 21% from 2021 to 2022.[10] However, the ARPA PTCs are set to expire this year. At a time of rising costs for families, in particular for families of color and families with low incomes, a jump in the cost of health premiums could force millions to become uninsured. Congress must act to extend these affordability measures for the following six reasons:

1. 7.8 million women could see marketplace insurance costs rise if ARPA PTCs expire (See Appendix Table 1). More women enroll in the ACA marketplace than men, in every state. Nationally, 54% of enrollees are women and 46% are men.[11] Alabama and Mississippi are among the states with the highest share of women marketplace enrollees—58% and 59%, respectively[12]. Both states have some of the highest poverty rates[13] as well as large populations of Black families.[14] And while ARPA PTCs have benefited those at all income levels, its zero-premium plans benefitted many women—Black women and Latinas especially—who are more likely to fall under 150% of the federal poverty line (FPL) (See Figure 1). Families USA recently estimated that allowing ARPA PTCs to expire would cost individuals and families a collective $7.3 billion, which will amount to a massive blow to women and families, and their ability to endure rising costs across the board.[15]

Figure 1: Percent of U.S. Population Below 150% Federal Poverty Line, by Race/Ethnicity and Gender



Source: U.S. Census Bureau POV tables.[16]

2. Nearly 4 million Black, Hispanic[i], and AAPI people could see marketplace insurance costs rise if ARPA PTCs expire (See Appendix Table 1). ARPA increased access to free and affordable health insurance plans, especially for currently uninsured Black and Hispanic populations with low incomes—66-68% of whom became eligible for

[i] This fact sheet uses Latina/x except where the research uses Hispanic to ensure fidelity to the data.

zero-premium plans, and 76-80% of whom became eligible for low-premium plans of less than $50 per month.[17] However, despite these gains, due to longstanding systemic and structural inequities, Black and Hispanic populations are still underrepresented in marketplace enrollment (see Appendix Table 1), and are both more likely to be uninsured and to be on a public, rather than a private, plan.[18] Extending access to low or no-cost health insurance plans, as well as continued robust, culturally responsive, community-level outreach and special enrollment periods, have proven successful for increasing enrollment[19] and are key strategies to continued progress toward health equity.

3. Black and Hispanic families will see premiums rise by more than $2,470 next year if ARPA PTCs expire (See Table 1)**.** The White House estimates that ARPA PTCs saved families an average of $2,400 per year, and the Center on Budget and Policy Priorities estimated that low-income families saved up to $2,650 per year.[20] This amounts to 1.5 months of housing, four months of food, or between 1 and 1.5 months of childcare, depending on the child's age and geographic region.[21] ARPA benefits provided a major lifeline to Black and Latinx families, and research suggests they stand to face the biggest increases in uninsurance rates if expanded PTCs expire.[22]

4. Women, particularly Black and Latina women, saw the biggest savings from the policy, which means they'll experience the largest price increases should it expire, both in nominal terms and as a percent of their incomes, compared with other individuals at the median (See Table 1). According to CBPP data, low-income individuals who are age 45 saved up to $1,320 per year, which amounts to 3.3% of annual income for Black women and 4.5% of annual income for Latinas at the median (see Table 1).[23]

Table 1: Estimated Premiums Before and With ARPA PTCs, by Age, Race/Ethnicity, and Family Type

Married-Couple Families with 2 or More Children						
	Median Annual Household Income	Prior law	With ARPA PTCs	Monthly Savings from ARPA PTCs	Annual Savings from ARPA PTCs	Savings, % of Income
White	$110,455	$1,445	$850	$595	$7,140	6.5%
Black	$89,983	$737	$531	$206	$2,472	2.7%
Hispanic	$67,326	$379	$158	$221	$2,652	3.9%
Individuals, Age 45-49						
	Median Annual Individual Income	Prior law	With ARPA PTCs	Monthly Savings from ARPA PTCs	Annual Savings from ARPA PTCs	Savings, % of Income
Men						
White	$61,123	$511	$425	$86	$1,032	1.7%
Black	$45,873	$369	$274	$95	$1,140	2.5%
Hispanic	$43,957	$369	$274	$95	$1,140	2.6%
Women						
White	$41,401	$369	$274	$95	$1,140	2.8%
Black*	$37,298	$282	$180	$103	$1,230	3.3%
Hispanic	$29,058	$195	$85	$110	$1,320	4.5%

Source: Income estimates from 2020 CPS ASEC PINC table - median income for individuals age 45-49,[24] 2020 CPS ASEC FINC tables for families with two or more children,[25] and premium estimates from CBPP Appendix Table 1.[26]

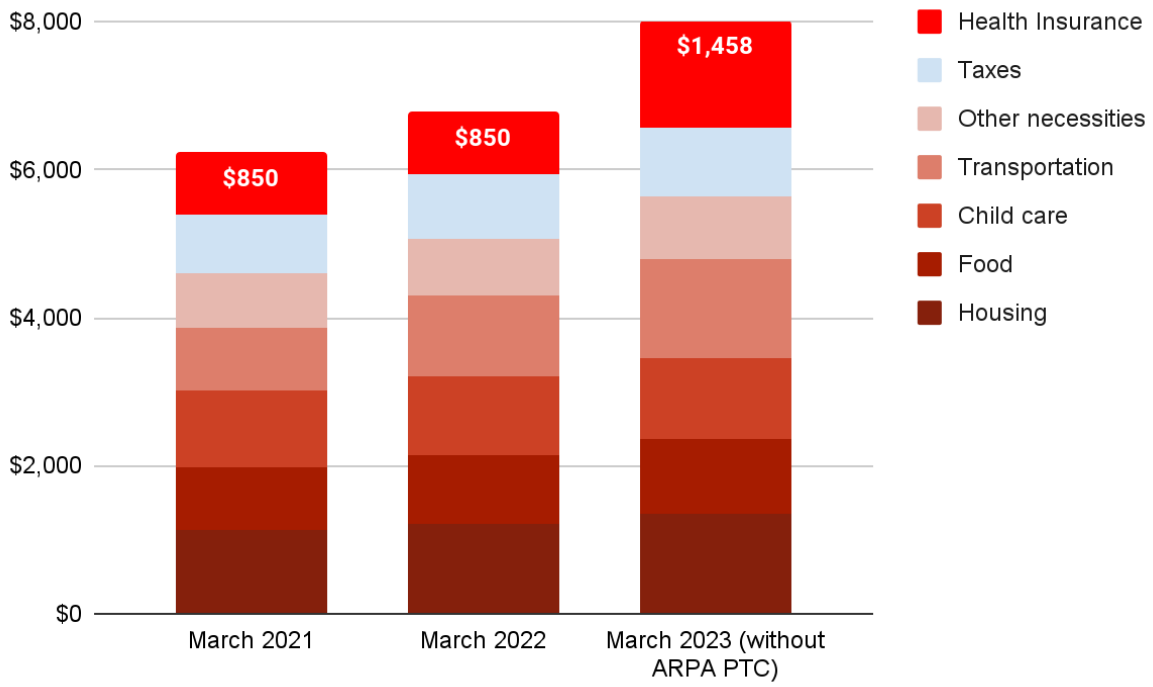
Notes: All premiums are based on CBPP analysis of premium costs by income, age, and family type, rather than empirical findings from enrollment data disaggregated by race and gender.

*Due to limited data available, premiums for Black women aged 45-49 who have median income of $37,000 have been estimated by averaging premiums for individuals aged 45 who make between $30,000-$45,000 annually.

5. Mid-high-income families cannot afford to have ARPA PTCs expire. The figure below shows the monthly cost of living for a four-person family in the Atlanta metro area,[27] in addition to itemized local area inflation rates from March 2021 to March 2022, extended to 2023. If the same levels of inflation continue into 2023 and ARPA PTCs expire:

- Annual cost of living would increase by 18% in 2023, by $15,000, from $81,400 to $96,000.
- Half of the increase in the annual cost of living would come from health insurance premiums rising by $7,300, from over $10,000 up to $17,500 for twelve months of coverage.
- Health insurance coverage for this family would become the biggest budget item, surpassing the cost of housing, and would account for more than 18% of their entire 2023 cost of living.
- The $7,300 increase in annual premium costs translates to the equivalent of five months of housing, seven months of food, or seven months of child care.[28]

Figure 2: Atlanta Metro Area Monthly Budget for a Family of Four, with and without ARPA Premium Tax Credits



Source: Atlanta area inflation data from BLS, Atlanta area family of four budget data from EPI, Georgia marketplace premium data from CBPP for a family of four at >450% FPL.

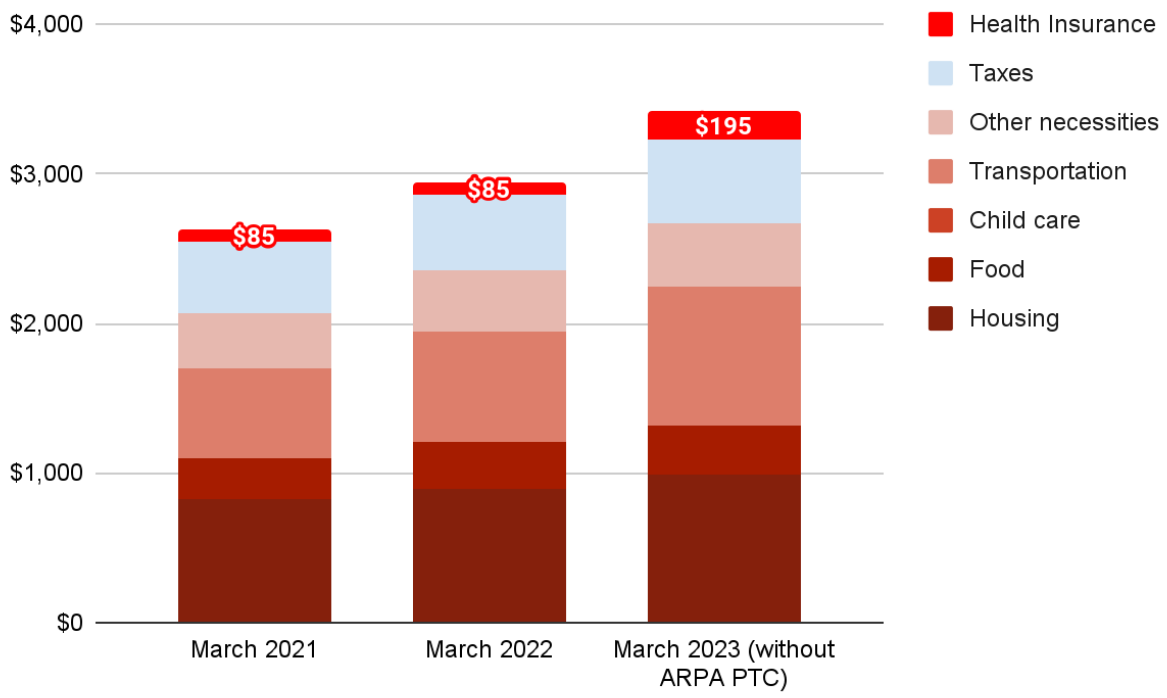
Notes: March 2021 and March 2023 are estimated based on Atlanta-specific CPI-U 1-year inflation rates, reflecting the case in which inflation rates continue at the same pace as prior year. March 2023 premium data reflect Georgia state ACA marketplace premiums for a family of four pre-ARPA. Note that tax and "other necessity" costs are constant in this example since local inflation rates from BLS do not include them.

6. Lower-income individuals and families cannot afford premiums to rise on top of ongoing inflation.

Looking at the cost of living for an individual in the Philadelphia metro area shows why letting ARPA PTCs expire would be untenable, especially given ongoing inflation:

- Total monthly cost of living would increase by 16%, far surpassing the rate most individuals' incomes will grow.
- If ARPA PTCs expire, the annual cost of health insurance premiums for an individual making $30,000 per year would more than double next year, from $1,000 to $2,300.
- The increase in the annual cost of health insurance premiums, roughly $1,300, could instead pay for more than one month of housing, or four months of food.[29]
- Inflation tends to hit lower-income individuals and families harder, because they spend a bigger portion of their income on necessities.[30] Many will not be able to afford the rise in premium costs, and it is estimated that over 3 million people could become uninsured next year if ARPA PTCs expire.[31]

Figure 3: Philadelphia Metro Area Monthly Budget for an individual, with and without ARPA Premium Tax Credits



Source: Philadelphia area itemized inflation data from BLS (actual rates reflected from 2021 to 2022, and same rates are integrated into cost estimates for 2023). Philadelphia area individual budget data from EPI and marketplace premium data from CBPP for an individual earning $30,000 per year (235% FPL).

Appendix Table 1: Marketplace Enrollment by Race, Ethnicity, and Gender

Location	Total Individuals Who Have a Marketplace Plan, 2022	Women		White		Black		Hispanic/Latinx		AAPI	
		%	#	%	#	%	#	%	#	%	#
United States	14,511,077	54%	7,788,203	36.7%	5,322,663	5.8%	843,094	12.9%	1,870,478	8.3%	1,198,615
Alabama	219,314	58%	127,437	53.4%	117,201	18.5%	40,639	2.8%	6,141	5.4%	11,733
Alaska	22,786	52%	11,919	61.2%	13,950	0.9%	207	5.1%	1,155	10.5%	2,402
Arizona	199,706	54%	107,520	45.8%	91,385	2.0%	3,974	15.9%	31,653	7.2%	14,339
Arkansas	88,226	55%	48,581	54.0%	47,642	5.5%	4,826	4.0%	3,538	4.0%	3,494
California	1,777,442	51%	912,666	27.4%	487,552	2.2%	39,815	22.8%	404,368	19.3%	343,580
Colorado	198,412	52%	102,302	40.4%	80,218	0.8%	1,488	4.9%	9,623	5.0%	9,841
Connecticut	112,633	53%	60,103	49.8%	56,091	4.1%	4,562	10.8%	12,176	4.7%	5,305
Delaware	32,113	55%	17,602	52.0%	16,705	10.5%	3,362	6.2%	1,988	8.3%	2,665
District of Columbia	15,989	52%	8,383	46.9%	7,505	14.5%	2,315	1.7%	277	5.9%	942

Florida	2,723,094	54%	1,462,637	19.3%	526,646	6.1%	166,653	19.9%	542,985	2.8%	74,885
Georgia	701,135	56%	389,520	26.2%	183,417	17.0%	119,193	7.6%	53,426	10.9%	76,634
Hawaii	22,327	55%	12,236	32.7%	7,292	0.6%	141	6.2%	1,373	33.9%	7,573
Idaho	73,359	53%	38,532	64.5%	47,280	0.8%	572	0.4%	301	1.7%	1,269
Illinois	323,427	52%	169,371	53.0%	171,255	4.4%	14,263	8.3%	26,974	10.5%	33,960
Indiana	156,926	53%	83,910	58.4%	91,645	3.6%	5,696	3.7%	5,728	5.6%	8,709
Iowa	72,240	53%	38,008	65.2%	47,072	1.2%	896	2.8%	2,001	3.0%	2,160
Kansas	107,784	54%	58,331	55.3%	59,626	3.0%	3,255	6.9%	7,437	5.5%	5,950
Kentucky	73,935	54%	39,934	75.4%	55,754	3.6%	2,662	2.0%	1,493	3.8%	2,832
Louisiana	99,626	55%	54,906	46.6%	46,406	11.2%	11,118	3.7%	3,676	7.3%	7,223
Maine	66,095	53%	35,358	73.5%	48,573	0.7%	463	2.1%	1,414	1.9%	1,223
Maryland	181,603	55%	100,638	31.3%	56,914	16.6%	30,055	11.2%	20,249	13.4%	24,371
Massachusetts	268,023	53%	143,071	48.1%	128,946	6.2%	16,671	3.4%	9,166	9.3%	25,033
Michigan	303,550	52%	158,720	52.4%	158,939	3.4%	10,412	2.2%	6,648	3.8%	11,413
Minnesota	121,322	51%	62,094	59.4%	72,102	2.0%	2,451	7.7%	9,342	3.4%	4,161
Mississippi	143,014	59%	84,985	23.4%	33,394	22.6%	32,364	1.4%	1,945	3.7%	5,249

Missouri	250,341	54%	134,890	52.0%	130,227	4.3%	10,715	2.4%	6,008	4.3%	10,665
Montana	51,134	52%	26,584	76.0%	38,852	0.2%	102	2.6%	1,309	3.4%	1,754
Nebraska	99,011	51%	50,646	58.7%	58,139	1.5%	1,465	5.0%	4,901	2.7%	2,713
Nevada	101,411	53%	53,560	43.5%	44,063	4.3%	4,330	14.4%	14,644	21.1%	21,367
New Hampshire	52,497	53%	27,664	66.0%	34,669	0.5%	262	3.0%	1,554	3.5%	1,832
New Jersey	324,266	53%	171,866	47.3%	153,313	5.9%	18,970	9.7%	31,454	13.9%	45,041
New Mexico	45,664	54%	24,809	48.0%	21,896	0.9%	402	11.3%	5,155	5.8%	2,644
New York	221,895	51%	113,821	62.6%	138,884	5.0%	10,984	8.8%	19,505	10.5%	23,366
North Carolina	670,223	55%	369,331	43.6%	292,150	9.4%	62,934	6.2%	41,688	4.7%	31,769
North Dakota	29,873	51%	15,171	67.1%	20,033	1.9%	568	2.4%	708	4.4%	1,308
Ohio	259,999	53%	138,470	57.8%	150,201	4.8%	12,428	2.4%	6,162	4.2%	10,894
Oklahoma	189,444	54%	103,127	40.6%	76,952	2.8%	5,229	5.5%	10,363	16.5%	31,334
Oregon	146,602	55%	80,057	62.2%	91,216	0.9%	1,378	6.0%	8,723	7.7%	11,303
Pennsylvania	374,776	53%	198,370	63.3%	237,121	3.7%	13,754	3.5%	12,930	7.6%	28,371
Rhode Island	32,345	53%	17,160	41.4%	13,394	2.8%	902	9.9%	3,209	2.5%	799
South Carolina	300,392	55%	165,458	39.2%	117,784	9.9%	29,679	4.4%	13,097	3.3%	9,823

South Dakota	41,339	53%	21,728	77.0%	31,810	1.0%	393	2.8%	1,162	4.3%	1,782
Tennessee	273,680	54%	146,773	52.0%	142,286	7.5%	20,499	3.7%	10,181	4.4%	11,987
Texas	1,840,947	55%	1,012,371	18.5%	340,943	5.0%	91,311	24.2%	446,246	9.1%	166,606
Utah	256,932	52%	132,897	41.1%	105,702	0.4%	1,028	7.6%	19,501	3.2%	8,273
Vermont	26,705	51%	13,730	49.7%	13,275	0.4%	104	1.0%	267	1.2%	323
Virginia	307,946	54%	165,770	42.2%	129,922	8.7%	26,853	7.8%	24,020	15.1%	46,469
Washington	239,566	54%	130,179	45.0%	107,877	2.2%	5,366	5.4%	12,984	14.1%	33,659
West Virginia	23,037	55%	12,720	71.4%	16,439	1.6%	371	1.7%	385	2.7%	617
Wisconsin	212,209	54%	113,581	64.6%	137,087	2.2%	4,647	3.3%	6,939	3.4%	7,279
Wyoming	34,762	54%	18,706	72.1%	25,053	0.3%	111	5.8%	2,002	2.0%	706

Source: Marketplace enrollment data by race and gender from KFF analysis of Marketplace Open Enrollment Period Public Use Files for 2022, Centers for Medicare and Medicaid Services (CMS), Department of Health and Human Services.[32]
Note: AAPI data adds number of enrollees from Asian, American Indian/Alaska Native, and Native Hawaiian/Pacific Islander populations.

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The National Partnership for Women & Families is a nonprofit, nonpartisan advocacy group dedicated to promoting fairness in the workplace, reproductive health and rights, access to quality, affordable health care and policies that help all people meet the dual demands of work and family. More information is available at NationalPartnership.org.