

# ***DECEIVED NATION***

## **Primer #1: The Federal Cuts to the Affordable Care Act Premium Tax Credits**

Summer 2026

On December 31, 2025, the Affordable Care Act (ACA) Premium Tax Credits expired. These credits, which capped health insurance premium costs as a percentage of income, fueled record enrollment (over 24 million enrollees in 2025) and acted as a crucial financial cushion for the working poor and middle class. The fight over the expiring tax credits was at the center of the longest government shutdown in American history, lasting 43 days, from October 1, 2025, through November 12, 2025.

### **WHAT ARE ACA PREMIUM TAX CREDITS?**

Since 2014, households earning between 100% and 400% of the [federal poverty level](#)<sup>1</sup> (approx. [\\$128,000 per year for a family of four in 2025](#)<sup>2</sup>) who purchased health insurance through the Affordable Care Act (ACA) Marketplace have been [eligible](#)<sup>3</sup> for refundable premium tax credits to help pay their monthly premiums (aka ‘*standard premium tax credits*’). The [American Rescue Plan Act of 2021](#)<sup>4</sup> temporarily [increased the amount of financial assistance](#),<sup>5</sup> and [extended eligibility](#)<sup>6</sup> to anyone who purchased healthcare coverage through the Marketplace, regardless of income (aka “*enhanced premium tax credits*”). In 2022, the [Inflation Reduction Act](#)<sup>7</sup> extended the eligibility expansion through 2025. The increased tax credits lowered out-of-pocket expenses, and dramatically increased participation which, in turn, lowered insurance costs even more significantly. This made health insurance affordable to many more people (which in turn also [increased the number of plan options](#)). The enhanced tax credits also [expanded the number of affordable coverage options for workers who were in employer plans they couldn’t afford, and provided small businesses with more cost-effective options for their employees](#).<sup>8</sup> Enrollment in the Marketplace [climbed](#)<sup>9</sup> from 12 million people in [2021](#) to a record [24.3 million in 2025](#).<sup>10</sup>

### **Who Was Responsible For Cutting The Tax Credits?**

When Republicans passed the One Big Beautiful Bill Act (OBBBA, also known as “H.R.1,” or the ‘Working Families Tax Cut.’) in July 2025, they chose not to extend the enhanced premium tax credits. ([Nearly every Republican](#)<sup>11</sup> voted for the OBBBA, while every Democrat in Congress opposed it.) Subsequently, Democrats tried to extend funding for the ACA enhanced premium tax credits in the budget negotiations as part of the deal to re-open the government in November 2025, but the GOP remained [unwilling](#).<sup>12</sup> Without congressional action to extend the enhanced tax credits, the enhanced subsidies officially expired on January 1, 2026. Consequently, [premium costs for eligible enrollees began to spike](#)<sup>13</sup> and were projected to [more than double](#).<sup>14</sup> As healthier people drop their insurance due to soaring costs, it leaves [fewer healthy people in the marketplace](#),<sup>15</sup> and premiums [further increase](#).<sup>16</sup> It is estimated that [4.8](#)

[million people](#)<sup>17</sup> will ultimately become uninsured due to the expiration, a trajectory supported by the [record drop in sign-ups](#) seen during the 2026 open enrollment period.

Republicans defend their action by falsely claiming that Democrats want to provide “[free healthcare for illegals](#).”<sup>18</sup> That is a lie. Just as people who are in the U.S. illegally are not eligible to enroll in federally funded Medicaid, [by law](#),<sup>19</sup> they also cannot participate in the federally funded Affordable Care Act Marketplace plans.

### Impacts Of Cutting The Tax Credits

The expiration of the ACA premium tax credits fundamentally reshaped the individual health insurance market, with millions of Americans facing significantly higher costs and shifting coverage status. A May 2026 [New York Times report](#)<sup>20</sup> indicates that the expiration of enhanced ACA tax credits resulted in a 20% drop in enrollment, with roughly 5 million people losing coverage. The analysis highlights sharply rising monthly premiums, particularly impacting older adults, effectively reversing years of coverage gains. The report also suggests that there will be even more potential losses by the end of 2026.

Along with extensive cuts to Medicaid and Medicare these cuts to tax credits will change healthcare for the worse in the United States - increasing the costs of healthcare coverage and the number of uninsured people, leading to the closure of many safety net hospitals, and generally decreasing the health of America.

### Endnotes

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