August 21, 2025

The Honorable John Thune
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Charles Schumer
Minority Leader
United States Senate
Washington, DC 20510

The Honorable Mike Johnson
Speaker
United States House of Representatives
Washington, DC 20515

The Honorable Hakeem Jeffries
Minority Leader
United States House of Representatives
Washington, DC 20515

Dear Leader Thune, Leader Schumer, Speaker Johnson, and Leader Jeffries:

We write on behalf of state insurance regulators to request immediate Congressional action to extend enhanced premium tax credits for health insurance. The National Association of Insurance Commissioners (NAIC) represents the chief insurance regulators in the 50 states, the District of Columbia, and 5 U.S. Territories. Residents of every state and DC will be adversely affected if the enhanced credits are allowed to expire.

For more than a year, NAIC has voiced its strong support for continuation of the enhanced premium tax credits for Marketplace coverage. The enhanced credits expire at the end of this year, but health insurance premiums for 2026 must be finalized much sooner. Health insurers have already filed their initial rates for 2026, and state regulators are poised to give them final approval in the coming weeks. We must complete this action soon in order to make plans available for the annual Open Enrollment Period that begins on November 1. Without an extension of the enhanced credits in September, insurers and marketplaces will begin to notify over 20 million consumers in all 50 states of major premium increases in a matter of weeks.

The enhanced credits have moved the needle on access to health care for millions, in particular for those who need help the most - those with annual incomes under 250% of the federal poverty level (FPL). Failing to extend the enhanced credits beyond the end of this year will have a major impact on the stability and affordability of state health insurance markets. The affordability of coverage would change for millions of enrollees, with many paying hundreds more per month. For millions, coverage would no longer be affordable. Enhanced subsidies have increased enrollment of the healthiest cohort, ages 18-34, who will be the most likely to drop coverage due to higher out-of-pocket premiums if the enhanced subsidies are allowed to end. Losing that healthy population will adversely impact the risk pools, which will increase premiums for another significant cohort of enrollees, those aged 55-64. The end of enhanced subsidies and the return of the 400% of FPL subsidy cliff together will disproportionately impact households with enrollees over age 55.

The expiration of enhanced credits would raise costs for all enrollees who receive subsidies. An analysis by KFF shows that enrollees' share of the premiums would rise by 75% on average, but some consumers

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would see much higher increases based on their income, location, and age. At least twelve states would see out-of-pocket premiums that double, on average. For enrollees with the lowest incomes, premiums would be more than 5 times higher. For consumers with moderate incomes above 400% of the federal poverty level, subsidies would no longer be available at all. These higher costs will greatly shrink the number of Americans who can find affordable coverage in the marketplaces. CBO has estimated that more than 4 million more people would be uninsured in 2034 if the enhanced credits are not extended.

To put a finer point on the burden that many consumers would face, the KFF report provides several concrete examples: Two 40 year-old parents with two 10 year-old children in Davis, West Virginia making $125,000 annually would go from paying $885 to $2,918 per month, an increase of $2,033 ($24,392 more per year). In Maine, a 60-year-old couple earning $85,000 annually (416% of FPL) would face a premium increase of $1,507 per month (or more than $18,000 per year) if the enhancements disappear.

Allowing the expiration of enhanced tax credits will also increase premiums for millions of unsubsidized consumers. States are seeing median proposed premium increases of 18% with about 4-5 percentage points, on average, of that increase attributed to the deterioration of the risk of the insurance pool due to the sunsetting of the enhanced credits. For some states the impact is significantly higher. Of course, state regulators will review these submissions, and they may change, but it is clear there will be significant premium increases in 2026. The increases will be much higher than previous years and all marketplace consumers will be impacted. It is important to note that the rate increases are in addition to the premium increases consumers will experience due to the loss of federal financial help from expiring enhanced tax credits.

Further, the end of the enhanced credits would adversely affect state reinsurance programs by materially reducing the federal support they have used to reduce individual market rates, which will also have a significant impact on families who are not eligible for premium tax credits. The reinsurance programs operated in 17 states under Section 1332 waivers are funded by the dollars that would otherwise flow through premium tax credits. The waivers do not add to federal costs. If the enhanced subsidies are not extended, state reinsurance programs would have less funding available to lower premiums for all consumers in the market.

These adverse impacts across the individual market would mean more uninsured individuals, smaller and less stable insurance markets, higher costs for those who remain in the market, and more uncompensated care for health care providers. Due to these challenges, some health insurers have already left the marketplaces and others may leave, further raising costs and limiting choices. We respectfully urge Congress to avoid these outcomes by taking action now to extend the enhanced credits.

Sincerely,

*Jon Godfread*
NAIC President
Commissioner
North Dakota Insurance and Securities Department

*Scott White*
NAIC President-Elect
Commissioner
Virginia Bureau of Insurance

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