



By: TA | AP Insight

Health subsidies expire, bringing millions of Americans higher health costs



Enhanced **tax credits** that have helped reduce the cost of health insurance for the vast majority of Affordable Care Act enrollees expired overnight, cementing higher health costs for **millions of Americans** at the start of the new year.

Democrats forced a 43-day **government shutdown** over the issue. Moderate **Republicans** called for a solution to save their 2026 political aspirations.

President **Donald Trump** floated a way out, only to back off after conservative backlash.

In the end, no one's efforts were enough to save the subsidies before their expiration date. A House vote expected in January could offer another chance, but success is far from guaranteed.

The change affects a diverse cross-section of Americans who don't get their health insurance from an employer and don't qualify for Medicaid or Medicare — a group that includes many self-employed workers, small business owners, farmers and ranchers.

It comes at the start of a high-stakes midterm election year, with **affordability** — including the cost of health care — topping the list of voters' concerns.

"It really bothers me that the middle class has moved from a squeeze to a full suffocation, and they continue to just pile on and leave it up to us," said 37-year-old single mom Katelin Provost, whose health care costs are set to jump. "I'm incredibly disappointed that there hasn't been more action."

Some families grapple with insurance costs that are doubling, tripling or more

The expired subsidies were first given to Affordable Care Act enrollees in 2021 as a temporary measure to help Americans get through the COVID-19 pandemic.

Democrats in power at the time extended them, moving the expiration date to the start of 2026.

With the expanded subsidies, some lower-income enrollees received health care with no premiums, and high earners paid no more than 8.5% of their income. Eligibility for middle-class earners was also expanded.

More than 20 million subsidized enrollees in the Affordable Care Act program are seeing their premium costs rise by 114% in 2026

On average, the more than 20 million subsidized enrollees in the Affordable Care Act program are seeing their premium costs rise by 114% in 2026, according to an analysis by the health care research nonprofit KFF.

Those surging prices come alongside an overall increase in health costs in the U.S., which are further driving up out-of-pocket costs in many plans.

Some enrollees, like Salt Lake City freelance filmmaker and adjunct professor Stan Clawson, have absorbed the extra expense.

Clawson said he was paying just under \$350 a month for his premiums last year, a number that will jump to nearly \$500 a month this year.

It's a strain for the 49-year-old but one he's willing to take on because he needs health insurance as someone who lives with paralysis from a spinal cord injury.

Others, like Provost, are dealing with steeper hikes. The social worker's monthly premium payment is increasing from \$85 a month to nearly \$750.

Effects on enrollment remain to be seen

Health analysts have predicted the expiration of the subsidies will drive many of the 24 million total Affordable Care Act enrollees — especially younger and healthier Americans — to forgo health insurance coverage altogether.

Over time, that could make the program more expensive for the older, sicker population that remains.

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An analysis conducted last September by the **Urban Institute and Commonwealth Fund** projected the higher premiums from expiring subsidies would prompt some 4.8 million Americans to drop coverage in 2026.

But with the window to select and change plans still ongoing until Jan. 15 in most states, the final effect on enrollment is yet to be determined.

Provost, the single mother, said she is holding out hope that Congress finds a way to revive the subsidies early in the year — but if not, she'll drop herself off the insurance and keep it only for her four-year-old daughter. She can't afford to pay for both of their coverage at the current price.

Months of discussion, but no relief yet

Last year, after Republicans cut more than \$1 trillion in federal health care and food assistance with Trump's big tax and spending cuts bill, Democrats repeatedly called for the subsidies to be extended. But while some Republicans in power acknowledged the issue needed to be addressed, they refused to put it to a vote until late in the year.



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In December, the Senate rejected two partisan health care bills — a Democratic pitch to extend the subsidies for three more years and a Republican alternative that would instead provide Americans with health savings accounts.

In the House, four centrist **Republicans** broke with GOP leadership and joined forces with Democrats to force a vote that could come as soon as January on a three-year extension of the tax credits.

But with the Senate already having rejected such a plan, it's unclear whether it could get enough momentum to pass.

Meanwhile, Americans whose premiums are skyrocketing say lawmakers don't understand what it's really like to struggle to get by as health costs ratchet up with no relief.

Many say they want the subsidies restored alongside broader reforms to make health care more affordable for all Americans.

"Both Republicans and Democrats have been saying for years, oh, we need to fix it. Then do it," said Chad Bruns, a 58-year-old Affordable Care Act enrollee in Wisconsin. "They need to get to the root cause, and no political party ever does that."