MILLIMAN WHITE PAPER

Quantifying the value of ACA premium subsidy enhancements set to expire in 2026

Matt Mraz, FSA, MAAA
Kenneth Laskowski, FSA, MAAA

Milliman

Key takeaways

- On average, enhanced subsidies provide $76 per member per month (PMPM) in additional premium subsidy value or 15.2% of benchmark silver premium for an individual age 40 Marketplace member in the 31 states offered on Healthcare.gov, which Milliman analyzed for plan year 2025
- Value from enhanced subsidies varies significantly by age, Federal Poverty Level (FPL), and region
- As a percentage of benchmark premium, enhanced subsidy value skews higher for younger ages relative to older ages
- PMPM value from enhanced subsidies is highest in regions with the highest benchmark silver premium, but can represent a higher percentage of benchmark premium in lower premium areas

Considerations by stakeholder

- If enhanced subsidies expire, Marketplace **consumers** will absorb material increases in net premium (or lose access to subsidies entirely) and many may elect to forgo coverage for 2026—based on 2025 premium (prior to 2026 rate actions), less than 2% of Marketplace consumers reside in counties where a bronze plan would be accessible for $0 net premium for an age 40 Marketplace member earning 225% FPL
- **Issuers** have already filed initial 2026 rates to reflect potential enhanced subsidy expiration—carriers should consider additional scenario planning and targeted communication strategies for at-risk population cohorts during the 2026 Open Enrollment Period
- **Brokers and distribution channels** should be working to thoroughly understand the upcoming changes and proactively communicate the potential for material increases in subsidized premiums for 2026, with far fewer $0 net premium plans available in the market
- **Policymakers** should understand relative value of enhanced subsidies for different consumer segments within the individual market to support sound policy decisions and future planning

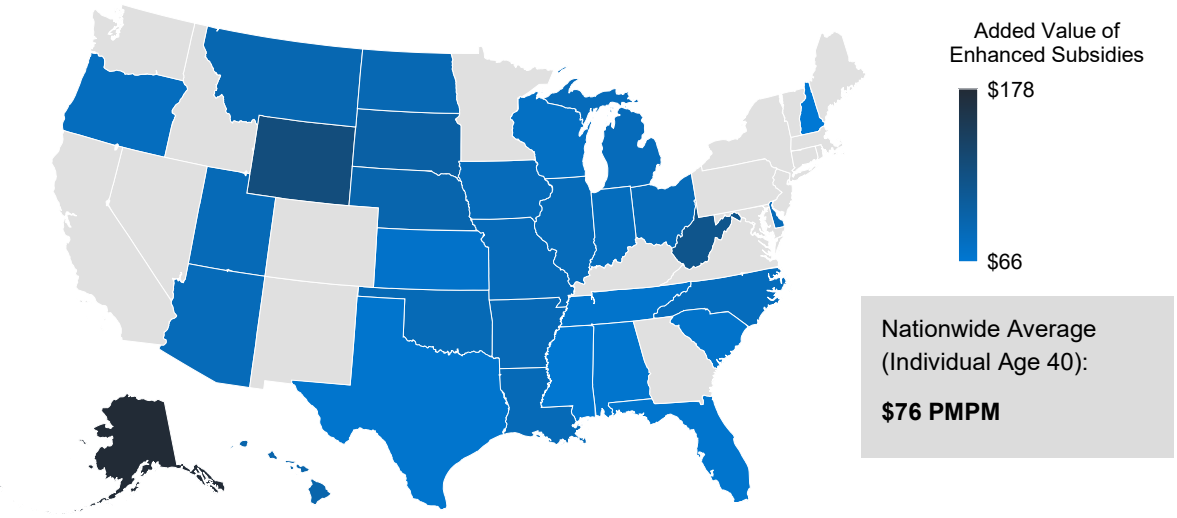
Since 2021, the American Rescue Plan Act's enhanced premium subsidies have dramatically reduced out-of-pocket premiums for eligible recipients in the individual market, which has contributed to the recent surging enrollment trends in the Patient Protection and Affordable Care Act (ACA)-regulated individual market.

Without Congressional action, these enhancements are set to expire after 2025, leaving stakeholders across the healthcare landscape preparing for uncertainty while subsidized consumers are set to incur material increases in premium as a result. This analysis quantifies the value of enhanced subsidies to consumers who obtain coverage via the federally facilitated Health Insurance Marketplace (Marketplace) and provides support for evaluating the potential market disruption if these enhanced subsidies lapse. In this study, we examine the variance in the value of enhanced subsidies for different Marketplace cohorts and geographic areas. Although not all Marketplace consumers utilize the full value of their available subsidy[1], the expiration of enhanced subsidies would almost universally generate material increases in consumer premium net of subsidy ("net premium")—an environment of widespread "sticker shock" is thus an expected outcome in 2026 for the majority of current Marketplace enrollees.

Although not analyzed directly in this white paper, we expect these factors to trigger disenrollment from the ACA Marketplace (contrary to enrollment growth trends observed between 2021 and 2025[2]). This is widely expected to lead to higher uninsured rates and higher average market-wide morbidity among those remaining in the Marketplace for 2026 **(which carriers are anticipating and reflecting in 2026 rate filings[3])**. We also anticipate effects from enhanced subsidy expiration to generate highly variable disenrollment impacts by state and region, with certain regions having outsized exposure to enrollment declines based on underlying demographic and market premium characteristics.

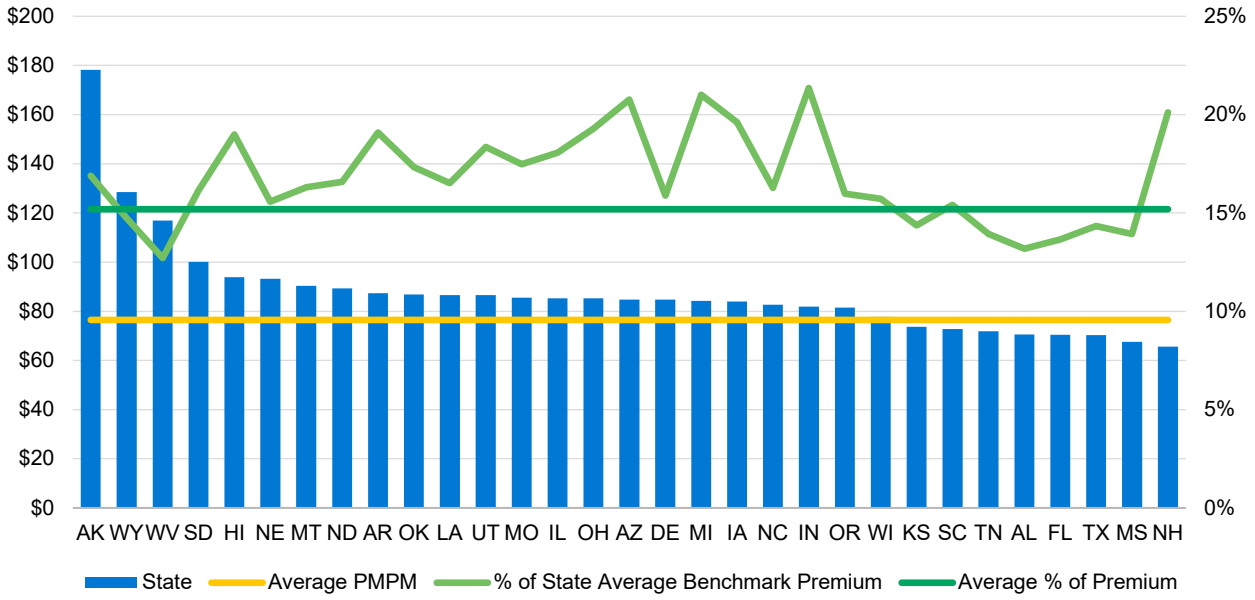
Figures 1 and 2 highlight the average value of enhanced subsidies as a per member per month (PMPM) and as a percentage of benchmark silver premium for an individual age 40 member enrolled in each of the 31 predominantly federally facilitated Marketplace states administered on HealthCare.gov, and on average across all 31 states. State-based exchanges are excluded from these figures. Averages for each state reflect enrollment weighting based on each state's Marketplace distribution of enrollment by county and Federal Poverty Level (FPL).

FIGURE 1: AVERAGE 2025 PMPM ADDED VALUE OF ENHANCED SUBSIDIES FOR INDIVIDUAL AGE 40 MARKETPLACE MEMBER (31 HEALTHCARE.GOV STATES)



1. Consumers are not required to utilize the full value of their available premium subsidy, and many enrollees elect to buy down to plan designs priced below the second-lowest cost silver plan (i.e., the benchmark premium used to determine subsidies available to all Marketplace enrollees) to minimize monthly premium net of subsidy. This analysis determines the additional premium subsidy **available** to individual Marketplace consumers and does not attempt to estimate the proportion of this amount **utilized** by consumers in practice.
2. Nationally, enrollment more than doubled between the 2021 Open Enrollment Period (OEP) and the 2025 OEP based on OEP Public Use File (PUF) datasets published by CMS.
3. KFF. (2025, July 18). Insurers' preliminary rate filings anticipate biggest increases in ACA Market plan premiums since 2018. https://www.kff.org/affordable-care-act/press-release/insurers-preliminary-rate-filings-anticipate-biggest-increases-in-aca-marketplace-plan-premiums-since-2018/.

FIGURE 2: AVERAGE 2025 PMPM ADDED VALUE OF ENHANCED SUBSIDIES AND PERCENTAGE OF AVERAGE BENCHMARK SILVER PREMIUM FOR INDIVIDUAL AGE 40 MARKETPLACE MEMBER (31 HEALTHCARE.GOV STATES)



Background

The ACA established premium tax credits to help make health insurance affordable for low- and middle-income Americans purchasing coverage through the Marketplace. These subsidies were designed as a sliding scale, where individuals contribute a percentage of their income toward the premium for the benchmark plan (second-lowest cost silver plan), with the government covering the remainder through tax credits.

In response to the COVID-19 pandemic, the American Rescue Plan Act of 2021 significantly enhanced these subsidies by:

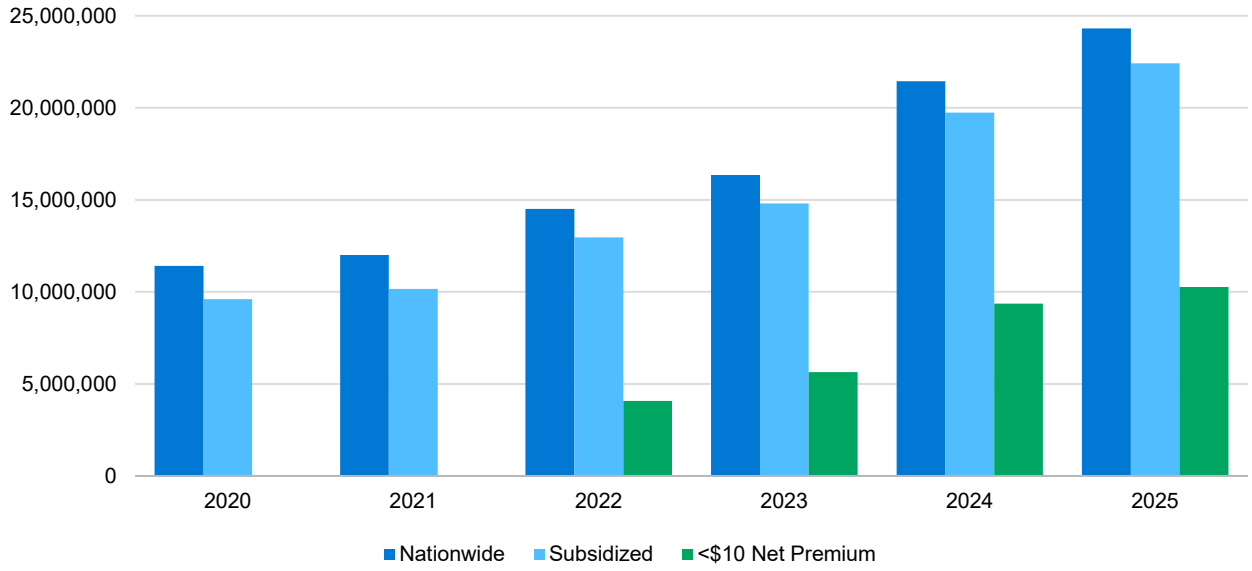
- Reducing the percentage of income individuals are expected to contribute at all eligible income levels
- Eliminating the 400% FPL cap on subsidy eligibility, extending subsidies to higher-income individuals

The Inflation Reduction Act (IRA) of 2022 extended these enhanced subsidies through the end of 2025. Nationally, Marketplace enrollment increased from 12.0 million plan selections during the 2021 Open Enrollment Period (OEP) to 24.3 million plan selections during the 2025 OEP—although not the only marketplace dynamics taking place over this time period, this doubling of market size emphasizes the value these enhancements have provided to consumers.[4]

Figure 3 summarizes Marketplace plan selections nationwide from 2020 to 2025, including the number of plan selections receiving premium financial assistance. Note, the Centers for Medicare and Medicaid Services (CMS) OEP data did not include the number of plan selections with less than $10 premium net of subsidy until the 2022 OEP cycle. As a result, Figure 3 shows no information for these Marketplace plan selections in 2020 and 2021. That said, we assume these counts were non-zero given premium subsidies available to consumers with income between 100% and 200% FPL relative to bronze plan premiums available in the market during this time.

4. Marketplace OEP PUFs for 2021 and 2025, Centers for Medicare and Medicaid Services (CMS), Department of Health and Human Services. https://www.cms.gov/data-research/statistics-trends-reports/marketplace-products/2024-marketplace-open-enrollment-period-public-use-files

FIGURE 3: NATIONWIDE MARKETPLACE OEP SELECTIONS WITH FINANCIAL ASSISTANCE SEGMENTS, 2020 TO 2025



Under current law, enhanced subsidies are set to expire at the end of 2025. Health plans and industry stakeholders are preparing for potentially significant reductions in enrollment levels and an anticipated corresponding deteriorating risk profile within the marketplace, as healthier consumers are generally understood to be more likely to choose to exit the market when faced with substantial increases in net premium due to loss of enhanced subsidies. Throughout this paper, we frequently refer to these enhanced subsidies as enhanced Advanced Premium Tax Credits (eAPTC)[5].

This white paper analyzes the PMPM value of eAPTC available under the American Rescue Plan Act and extended by the IRA through 2025, compared to the original ACA subsidy structure (adjusted to a 2025 basis). We determine eAPTC value by comparing average premium subsidies available to consumers in 2025 under the enhanced premium subsidy structure relative to average premium subsidies available to consumers under the "original" (adjusted to 2025) ACA premium subsidy structure. We also consider the value that eAPTC provides as a percentage of gross benchmark silver premium (i.e., premium before subsidies) available to members in the Marketplace. Focusing on the 31 states utilizing the HealthCare.gov federal platform for Marketplace enrollments in 2025[6], this analysis demonstrates the significant financial impact of these enhanced subsidies. It also highlights variations in eAPTC value by income level, member age, and region. Unless otherwise noted, "Nationwide" references throughout this paper refer to these 31 states utilizing HealthCare.gov for 2025.

5. This terminology is distinct from enhanced premium tax credits (ePTC); since we utilize CMS OEP data, which considers a member's self-projected household income, the resulting estimates are more consistent with the definition of advanced premium tax credits rather than final ePTCs, which are not known until taxes are filed and are not reported at the same level of detail. We assume the eAPTC estimates in this case provide a reasonable proxy for ePTC, particularly for the purpose of evaluating relationships in the value of these enhancements by the consumer cohort.
6. These states include all federally facilitated exchanges and three state-based exchanges (Arkansas, Illinois, and Oregon) utilizing the federal Healthcare.gov platform for enrollment functions (SBE-FP) in 2025. We focus on these 31 states as county-level Marketplace plan selection detail is available in the CMS county-level datasets published for the 2025 OEP (and prior periods). These 31 states generated approximately 70% of the overall nationwide Marketplace plan selections in 2025. (Note: These 31 states represented 59%, 61%, 64%, 67%, and 70% of the nationwide plan selections for 2020 through 2024.)

On average across all HealthCare.gov states in 2025, enhanced subsidies offer $76 PMPM in additional subsidy value for an individual age 40 member

We estimate that the average PMPM value of enhanced subsidies across all income levels in the 31 states utilizing HealthCare.gov for enrollment functions in 2025 is approximately $76 PMPM for an individual age 40 member, or $918 per member per year (PMPY). This represents 15.2% of the 2025 nationwide average age 40 benchmark silver premium (~$503 PMPM) within these states[7]. This estimate utilizes current 2025 premium amounts without any adjustments to 2026, and thus also represents the increase in consumer liability on 2025 premium payments if the enhancements from current eAPTC premium subsidies were eliminated and shifted back to consumer liability (all else equal)[8].

Note, subsidized consumers may opt for plans priced lower than the benchmark silver premium; many consumers elect $0 net premium options currently available at the bronze tier in most markets (and gold, in some markets). In these cases, members may not utilize the full allotment of federal subsidy available. The expiration of eAPTC will significantly reduce the number of Marketplace plans available to subsidized consumers for $0 net premium, as we explore in a later section of this report.

Figures 4 and 5 show the average eAPTC PMPM value by income level across the 31 HealthCare.gov states. We also include the eAPTC PMPM value as a percentage of income and as a percentage of the nationwide average age 40 benchmark premium figure noted above ($503 PMPM) for each income level. Members with income below 300% FPL are receiving the highest value from enhanced subsidies on average, with PMPM value ranging from $31 to $128 (6.2% to 25.5% of the nationwide average benchmark silver premium). Higher income members are also receiving significant value from enhanced subsidies in counties and states with a higher benchmark premium; conversely, >400% FPL consumers remain ineligible for subsidies under the enhanced structure (i.e., $0 eAPTC value) in certain regions and states with a sufficiently low benchmark silver premium. Thus, eAPTC value varies significantly by area for the >400% FPL cohort.

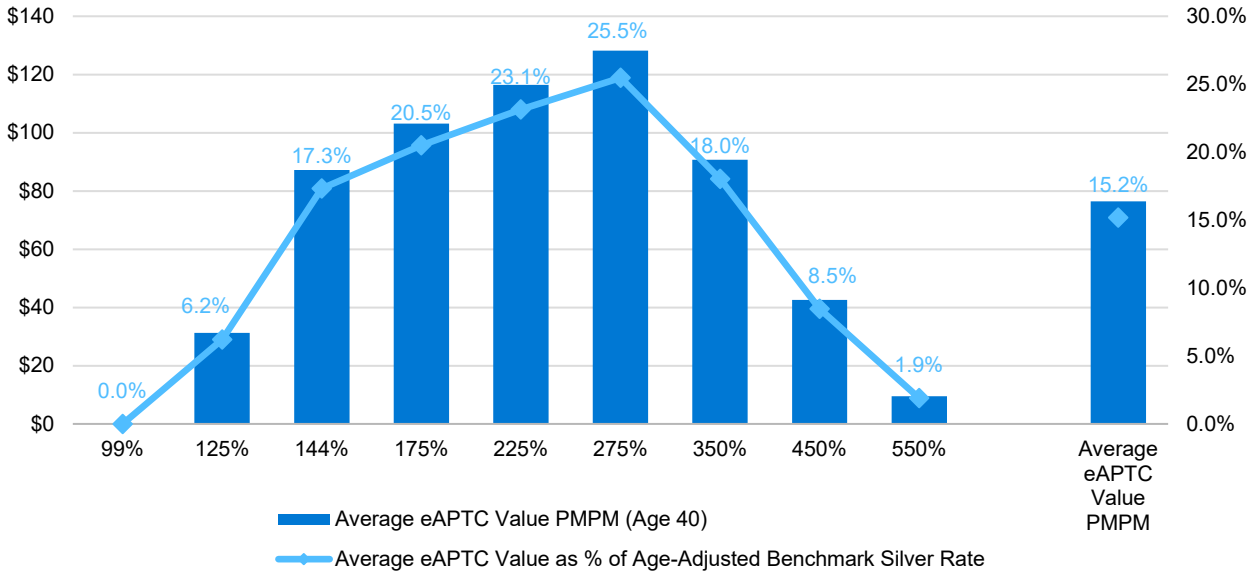
FIGURE 4: AVERAGE 2025 ENHANCED SUBSIDY VALUE FOR INDIVIDUAL AGE 40 MARKETPLACE MEMBER (31 HEALTHCARE.GOV STATES)

FPL RANGE FOR WEIGHTING	FPL POINT ESTIMATE	ENHANCED SUBSIDY PMPM VALUE	% OF INCOME	% OF BENCHMARK PREMIUM
(A) <100% of FPL	99%	$0	0.0%	0.0%
(B) ≥100% to ≤138% of FPL	125%	$31	2.0%	6.2%
(C) >138% to ≤150% of FPL	144%	$87	4.8%	17.3%
(D) >150% to ≤200% of FPL	175%	$103	4.7%	20.5%
(E) >200% to ≤250% of FPL	225%	$116	4.1%	23.1%
(F) >250% to ≤300% of FPL	275%	$128	3.7%	25.5%
(G) >300% to ≤400% of FPL	350%	$91	2.1%	18.0%
(H) >400% to ≤500% of FPL	450%	$43	0.8%	8.5%
(I) >500% of FPL	550%	$10	0.1%	1.9%
Weighted Average		**$76**	**3.4%**	**15.2%**

7. The age 40 benchmark premium is estimated from 2025 Exchange and OEP PUF datasets released by CMS. It reflects a weighted average of benchmark silver premium weighted with 2025 Marketplace plan selections by county for the 31 HealthCare.gov states.

8. Midyear removal of eAPTC during plan year 2025 is not contemplated in any current legislation. The focus on 2025 is intended to clearly denote that the estimates are calibrated to current premium levels prior to any adjustments for 2026, when enhanced subsidies are assumed to expire.

FIGURE 5: AVERAGE 2025 ENHANCED SUBSIDY VALUE FOR INDIVIDUAL AGE 40 MARKETPLACE MEMBER BY FPL (31 HEALTHCARE.GOV STATES)



The value added by enhanced subsidies is highest in several smaller states with a larger prevalence of rural populations

On average, eAPTC value by state varies from $66 PMPM in New Hampshire to $178 PMPM in Alaska, as shown previously in Figures 1 and 2[9]. The four states with the highest average eAPTC PMPM value (Alaska, Wyoming, West Virginia, and South Dakota) also have the highest average benchmark silver premium rates within the 31 states studied. States with the lowest average eAPTC PMPM value include New Hampshire, Mississippi, Texas, and Florida, which have the lowest average benchmark silver premium rates (New Hampshire) or have a high prevalence of enrollees in the 100% to 138% FPL cohort for which eAPTC PMPM value is lower compared to members with income levels exceeding 138% FPL (Mississippi, Texas, and Florida).

As highlighted, the average eAPTC PMPM value varies significantly by state based on average benchmark premium and enrollment mix by income level. The five states generating the highest average eAPTC PMPM value (Alaska, Wyoming, West Virginia, South Dakota, and Hawaii) represent less than 1.5% of the total 2024 Marketplace selections across the 31 states reviewed. Each of these states has a relatively small population and, with the exception of Hawaii, also has a higher percentage of residents living in rural areas compared to nationwide averages[10]. Average eAPTC value PMPM varies significantly by state and county for consumers with incomes above 300% but skews highest in regions with the highest benchmark average premium (which are often rural areas).

The availability of competitive network options influences benchmark premium levels. Higher density areas have more provider options and carriers frequently develop narrow network HMO offerings with the goal of lowering costs and therefore premium. These networks focus on consumer choice regarding providers, targeting more efficient providers where possible. Conversely, less populated areas may have more limited plan selection options with fewer narrow network products available. Broader network options tend to drive premiums higher, directly impacting the average eAPTC PMPM value by area.

9. These estimates rely on county-level calculations of eAPTC value, which utilize 2025 filed benchmark silver premium rates calibrated to an individual age 40 member. State-level estimates reflect weighted average eAPTC value estimates based on each state's distribution of enrollment by county for a given income level, as well as the statewide distribution of enrollment by FPL.

10. America's Health Rankings. (n.d.). Rural population in United States. Retrieved September 16, 2025, from Explore Rural Population in the United States | AHR.

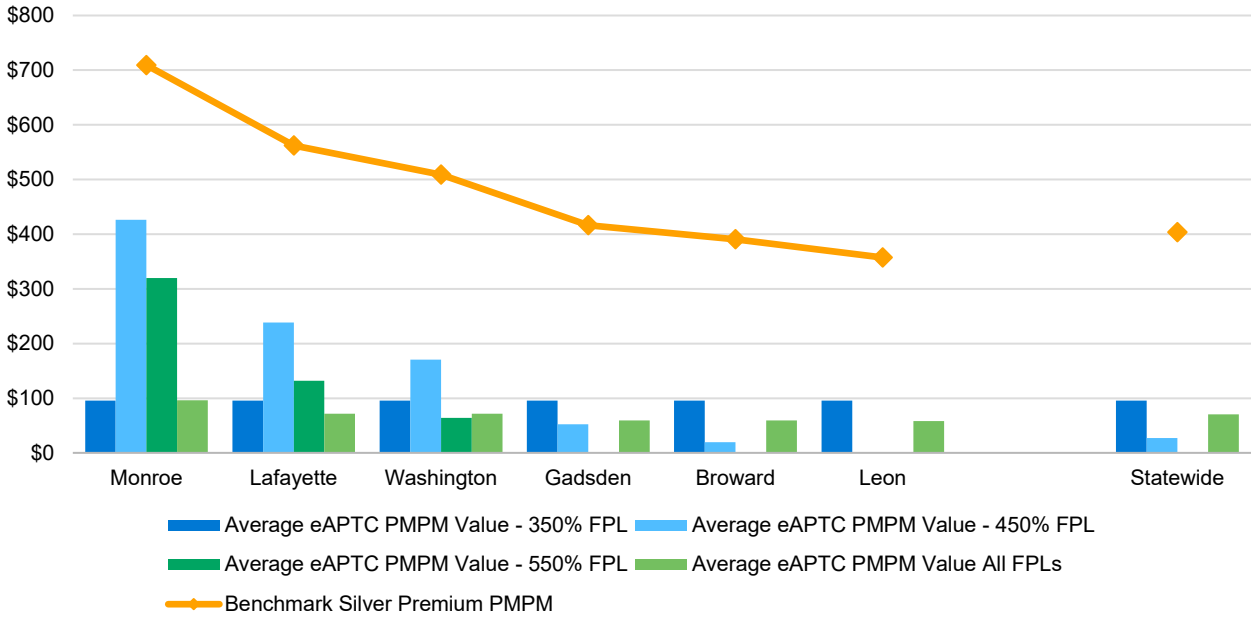
For higher income members, higher premium areas generate more PMPM value from enhanced subsidies

There is also significant variation in eAPTC value across counties and regions within a given state due to varying benchmark silver premium levels and enrollment mix differences by region. Regions with the highest benchmark silver premiums generate significantly higher eAPTC value PMPM for higher income members compared to regions with the lowest benchmark silver premiums. Regions with a higher prevalence of members in the 200% to 300% FPL segments (e.g., those generating the largest PMPM eAPTC value in Figure 4) will also produce a higher county-level PMPM average relative to regions with a higher prevalence of 100% to 150% FPL enrollees, all else equal.

Using county-level results for age 40 Marketplace enrollees in Florida as an example, the average PMPM value of enhanced subsidies is consistent across all counties for a given income level up through approximately 350% FPL. For higher income levels, eAPTC PMPM value varies significantly by county, from $0 in certain lower-premium counties to $426 PMPM in Monroe County (Key West) for a 450% FPL member. In 2025, the benchmark silver premium in Monroe County is nearly 76% higher than the statewide average benchmark silver premium in Florida—due to this stark premium variation, members in Monroe County earning >400% FPL receive significantly more PMPM value from eAPTC compared to an equivalent member located in lower premium counties in Florida. Similar dynamics exist in other states throughout the country, with wide variation in eAPTC value by county based on underlying benchmark premium relationships.

Figure 6 highlights the variation in eAPTC PMPM value by income level (>350% cohorts) for six sample counties in Florida. The first three counties listed (Monroe, Lafayette, and Washington) generate the highest county-level average eAPTC PMPM value across all FPL levels in Florida; these counties represent approximately 0.5% of the statewide Florida Marketplace based on 2025 plan selections. The second three counties listed (Gadsden, Broward, and Leon) generate the lowest county-level average eAPTC PMPM value across all FPL levels and represent approximately 12.9% of statewide Florida Marketplace selections.

FIGURE 6: AVERAGE 2025 ENHANCED SUBSIDY PMPM VALUE BY FPL AND COUNTY (FLORIDA) WITH COUNTY BENCHMARK SILVER PREMIUM FOR AN INDIVIDUAL AGE 40 MARKETPLACE MEMBER

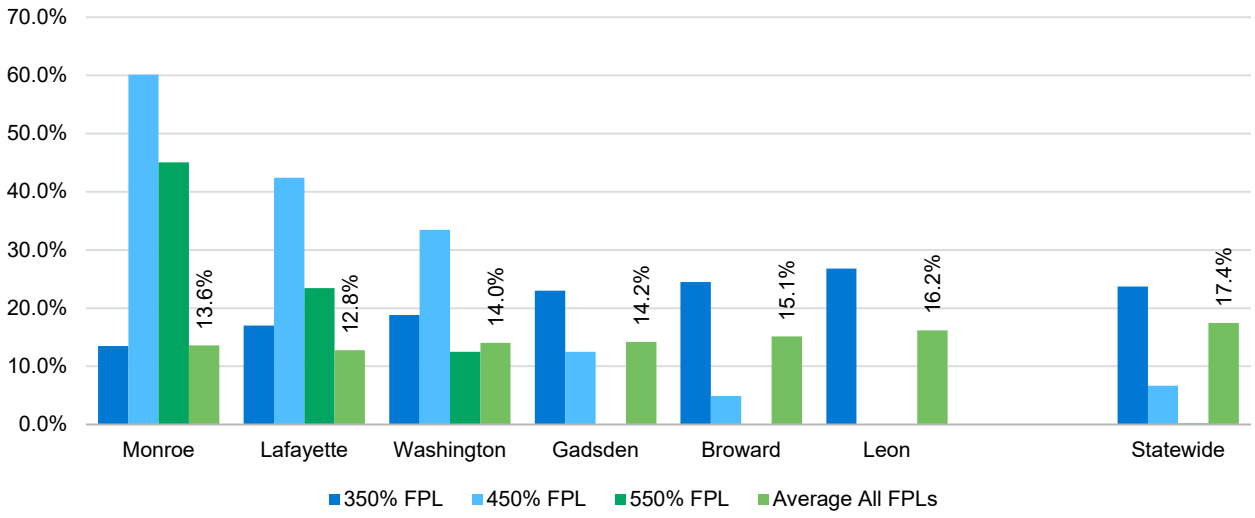


Enhanced subsidy value as a percentage of benchmark premium can skew higher in lower premium areas

Continuing with the Florida example, although the PMPM value of eAPTC subsidies may be lower in Gadsden, Broward, and Leon counties, premium levels are also lower. Members with income >400% FPL receive significantly more value as a percentage of premium in Monroe, Lafayette, and Washington counties compared to members at the same income level located in Gadsden, Broward, and Leon counties, as shown in Figure 7; thus, higher income members may incur the largest increases in net premium in higher premium areas following eAPTC expiration, assuming carriers do not make material changes to geographic rating area factors. As a percentage of gross benchmark premium by county, the second set of counties listed ("lower premium areas") receive higher value from eAPTC across all FPL levels relative to the higher premium areas represented by the first set of counties (14.2% to 16.2% of premium in lower premium areas vs. 12.8% to 14.0% of premium in higher premium areas).

Higher premium areas are often represented by rural areas within a given state. Conversely, more densely populated regions often have a lower benchmark premium and often have a larger prevalence of lower income enrollees; Figure 5 shows that the eAPTC value as a percentage of premium skewed highest in roughly the 150% to 300% FPL segments, which results in average eAPTC value as a percentage of benchmark premium skewing higher on average for these counties. These dynamics are highly state- and region-specific and will likely contribute to significant differences in enrollment mix by county and FPL for 2026 relative to 2025, assuming eAPTCs expire.

FIGURE 7: AVERAGE 2025 ENHANCED SUBSIDY VALUE AS PERCENT OF 2025 BENCHMARK PREMIUM BY SAMPLE FPL AND COUNTY (FLORIDA) FOR AN INDIVIDUAL AGE 40 MARKETPLACE MEMBER



Enhanced subsidy value as a percentage of benchmark premium decreases with age

All premium rate and eAPTC calculations presented thus far rely on a consistent average age (individual member age 40). Each market has a unique member age mix, and estimating total eAPTC value for each market would ideally consider each market's unique demographic characteristics (as opposed to considering relative eAPTC value only for a given member demographic, as presented in this paper).

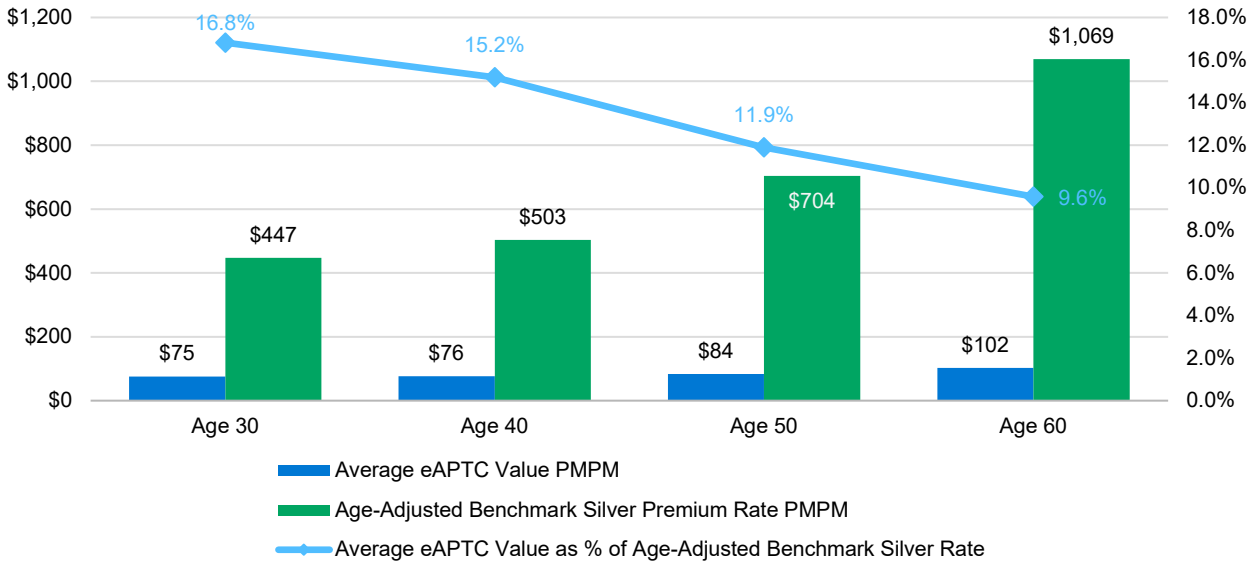
We also examined the variation in nationwide eAPTC PMPM value for individual members aged 30, 40 (as presented in this paper), 50, and 60. Average PMPM value for the individual member age 40 aligns with the figures previously presented, whereas results for other ages follow an identical methodology but utilize a different age rating factor for the calculations.

The average PMPM value of enhanced subsidies is consistent by age for income levels up through approximately 275% FPL (i.e., subsidy enhancement implications are uniform on a PMPM basis for the most heavily subsidized cohorts). For higher income levels, eAPTC PMPM value can increase rapidly for older age members while deteriorating for younger age members.

The higher eAPTC PMPM value for higher ages is driven by the CMS federal age curve underlying the premium and subsidy calculations (note: 1.135 factor applies for age 30, 1.278 for age 40, 1.786 for age 50, and 2.714 for age 60). When assessing eAPTC PMPM value by member age, it is important to also recognize that although an age 60 member may be receiving more eAPTC PMPM value than an age 30 member, that same member is charged gross premium, which is approximately 139% higher than an age 30 member for the same plan (based on age factors of 2.714 vs. 1.135).

Figure 8 shows the age-adjusted benchmark silver premium for each of the ages reviewed, as well as the average eAPTC value as a percentage of the age-adjusted benchmark silver premium.

FIGURE 8: AVERAGE ENHANCED SUBSIDY PMPM VALUE AND AGE-ADJUSTED BENCHMARK SILVER PREMIUM BY MEMBER AGE (31 HEALTHCARE.GOV STATES)



As shown in Figure 8, the average eAPTC value as a percentage of age-adjusted benchmark silver premium is higher for age 30 members relative to age 60 members. This higher value on a percentage of premium basis offered to younger consumers may help to explain enrollment trends in markets that have experienced a disproportionate increase in the prevalence of younger Marketplace consumers since the introduction of eAPTC. Note, these estimates rely on a consistent distribution of income for all calculations; in reality, income mix likely differs by age, which would alter the true PMPM and percentage of premium value offered through eAPTC for different ages.

Access to $0 net premium options will erode significantly if enhanced subsidies are allowed to expire

Enhanced subsidies have led to an environment of widespread access to $0 net premium bronze plan options for subsidized consumers. In certain markets, particularly those with high cost-sharing reductions (CSR) loads on silver plans or mandated induced utilization factors, consumers have also gained access to $0 net premium gold plan options. Benchmark silver plans are also free ($0 net premium) for members with income up to 150% FPL based on the enhanced subsidy structure.

In 2025, with eAPTC in place:

- An estimated 63.8% of HealthCare.gov Marketplace consumers (across 26 states) reside in counties with at least five bronze plans available for $0 premium net of eAPTC subsidies for an individual age 40 member earning 225% FPL. This percentage increases to 83.6% if expanded to counties with at least one bronze plan (creating the same consumer demographics). These members receive substantial premium subsidy but are ineligible for the most generous 87% and 94% actuarial value CSR plans.
- An estimated 47.2% of HealthCare.gov Marketplace consumers (across 16 states) reside in counties where a low-cost gold plan is available for $0 premium net of subsidy for an individual age 40 member earning 144% FPL. These members are heavily subsidized and traditionally eligible for 94% CSR plan benefits (with $0 net premium availability for first and second lowest cost silver plans) but have access to a wide array of $0 gold plan options in certain markets.

In a theoretical environment wherein eAPTC is not in place for 2025 while gross premiums remain the same as filed 2025 rates:

- An estimated 0.5% of Marketplace consumers (across just four states) would reside in counties where at least five bronze plans are available for $0 net premium for an age 40 member earning 225% FPL. **This is a 63.3 percentage point reduction from the 63.8% noted above for the 2025 status quo.**

  Moreover, without eAPTC, only 1.4% of Marketplace consumers reside in areas that would have access to at least one free bronze plan at this age and income level, an 82.3 percentage point reduction from the 83.6% noted above for the 2025 status quo.
- An estimated 1.7% of Marketplace consumers (across just three states) would reside in counties where the low-cost gold plan is available for $0 premium net of subsidy for an individual age 40 member earning 144% of FPL. **This is a 45.5 percentage point reduction from the 47.2% noted above for the 2025 status quo.**

Figure 9 highlights the potential change in the availability of at least five free bronze plans for an illustrative age 40 member earning 225% FPL following the expiration of enhanced subsidies. The percentages represent the proportion of Marketplace consumers in each state residing in counties in which at least five bronze plans are available to consumers for $0 net premium at this age and income level. We group each state into the appropriate cohort (before and after the expiration of enhanced subsidies) based on the availability of at least five free plans for the illustrative member.

FIGURE 9: PROPORTION OF MARKETPLACE CONSUMERS RESIDING IN COUNTIES WITH AT LEAST FIVE FREE BRONZE PLANS AVAILABLE TO AGE 40, 225% FPL MEMBER (31 HEALTHCARE.GOV STATES)

NATIONWIDE AVERAGE WITH ENHANCED SUBSIDIES = 63.8%		
PROPORTION WITH ENHANCED SUBSIDIES	**STATE(S)**	**STATE COUNT**
100%	AK, DE, WV, WY	4
Between 75% and 100%	AL, FL, LA, MT, ND, NE, TN, TX	8
Between 50% and 75%	IA, SC, SD	3
Between 25% and 50%	KS, MO, NC, OK, OR, WI	6
Between 0% and 25%	AZ, IL, MI, OH, UT	5
0%	AR, HI, IN, MS, NH	5

NATIONWIDE AVERAGE WITHOUT ENHANCED SUBSIDIES = 0.5%		
PROPORTION WITHOUT ENHANCED SUBSIDIES	**STATE(S)**	**STATE COUNT**
100%	AK	1
Between 75% and 100%	N/A	0
Between 50% and 75%	N/A	0
Between 25% and 50%	N/A	0
Between 0% and 25%	MI (2.9%), TX (0.6%), WV (12.3%)	3
0%	All other states	27

Figure 10 provides similar detail as Figure 9 but highlights the potential change in the availability of at least one free gold plan for an illustrative age 40 member earning 144% FPL following the expiration of enhanced subsidies. These dynamics further highlight the impending affordability challenges facing Marketplace consumers following the expiration of enhanced subsidies.

FIGURE 10: PROPORTION OF MARKETPLACE CONSUMERS RESIDING IN COUNTIES WITH AT LEAST ONE FREE GOLD PLAN AVAILABLE TO AGE 40, 144% FPL MEMBER (31 HEALTHCARE.GOV STATES)

NATIONWIDE AVERAGE WITH ENHANCED SUBSIDIES = 47.2%		
PROPORTION WITH ENHANCED SUBSIDIES	**STATE(S)**	**STATE COUNT**
100%	AK, TX, WV, WY	4
Between 75% and 100%	None	0
Between 50% and 75%	None	0
Between 25% and 50%	MO, ND	2
Between 0% and 25%	IA, KS, MI, OK, UT, WI	6
0%	All other states	19

NATIONWIDE AVERAGE WITHOUT ENHANCED SUBSIDIES = 1.7%		
PROPORTION WITHOUT ENHANCED SUBSIDIES	**STATE(S)**	**STATE COUNT**
100%	AK	1
Between 75% and 100%	N/A	0
Between 50% and 75%	WY (74.7%)	1
Between 25% and 50%	N/A	0
Between 0% and 25%	TX (5.8%)	1
0%	All other states	28

Legislative changes bring ACA markets to uncharted territory

This analysis highlighted the significant variation in enhanced subsidy value by age, income, and region, both on a PMPM and percentage of benchmark silver premium basis. In isolation, we expect the expiration of these subsidies to trigger significant disenrollment from the Marketplace in 2026 relative to current 2025 levels, with these effects similarly varying by age, income, and region. Combined with other federal policy changes currently at play (most notably the implications of the final Marketplace Integrity and Affordability Rule and ACA-related provisions of H.R. 1), health plans and industry stakeholders find themselves in a highly complex environment while seeking to finalize 2026 rate filings while reflecting these distinct and decidedly uncertain market scenarios.

Although the ACA market is familiar with the challenges that accompany a rapidly evolving risk pool (e.g., initial CSR de-funding, the introduction of enhanced subsidies, Medicaid redetermination effects), never before has the ACA market experienced a convergence of policy developments of this magnitude operating in parallel (each bringing their own nuances and implications)—thus, the combination of enhanced subsidy expiration, the implications of H.R. 1, and the final Marketplace Integrity and Affordability Rule have the potential to generate an unprecedented one-year change in individual ACA enrollment and overall market dynamics.

With millions potentially set to forgo coverage[11], estimating morbidity shifts to the Marketplace is a challenge. Although we can expect that healthier members will be the most likely to leave the market, a number of questions remain:

- Are these supposedly healthier members utilizing coverage at a higher rate, knowing they may not have coverage in the near future? Will a “benefit rush” occur as members prepare for uncertainty in future healthcare coverage?
- How will carrier premium price shakeups (including post-initial submission filed changes to premium rates) contribute to member decisions and market morbidity? How extreme will the sticker shock be?

These questions and more lay the foundation for the uncertainty fogging the Marketplace at this time.

11. Swagel, P.L. (June 4, 2025). Re: Estimated effects on the number of uninsured people in 2034 resulting from policies incorporated within CBO’s baseline projections and H.R. 1, the One Big Beautiful Bill Act. **Congressional Budget Office.** https://www.cbo.gov/system/files/2025-06/Wyden-Pallone-Neal_Letter_6-4-25.pdf

Methodology

Key data sources for this analysis include:

- 2025 Exchange Public Use File (PUF) datasets published by CMS
- Marketplace OEP datasets published by CMS
- Projected National Health Expenditure (NHE) data for 2023–2032 published by CMS

ANALYTICAL APPROACH

The value of enhanced subsidies (eAPTC) was determined by subtracting current net premium under eAPTC from current net premium under a theoretical non-eAPTC basis that would exist in 2025 if eAPTCs were not in place. For each county in each state, we calculated the value of eAPTC for an age 40 individual member across each representative point estimate FPL level noted below. We used age 40 as an approximate/rounded estimate of the average age in the Marketplace.

We assumed 2025 FPL values of $15,060 for the contiguous 48 states and Washington, DC, $18,810 for Alaska, and $17,310 for Hawaii, consistent with the 2024 federal poverty guidelines in the Federal Register notice published at https://www.govinfo.gov/content/pkg/FR-2024-01-17/pdf/2024-00796.pdf.

Subsidies were calculated at the county level using 2025 benchmark silver premiums extracted from CMS PUF datasets, calibrated to an individual age 40 member based on the CMS 3:1 age curve in effect for the 31 states discussed in this white paper (1.278 age rating factor). Enhanced premium tax credit amounts were calculated using the 2025 schedule published by the IRS at https://www.irs.gov/pub/irs-drop/rp-24-35.pdf. To calculate 2025 premium tax credits under the original ACA structure, we applied the methodology applicable to 2026 coverage as published by the IRS at https://www.irs.gov/pub/irs-drop/rp-25-25.pdf using the NHE data underlying the 2023–2032 projections.[12,13] We then subtracted net premium based on the enhanced subsidy structure from net premium based on the original ACA structure to quantify eAPTC subsidy value.

For our analysis, we used the following FPL ranges for enrollment weighting, which align with the noted FPL point estimates for premium and eAPTC calculations:

- <100% of FPL (99% FPL point estimate[14])
- ≥100% to ≤138% of FPL (125% FPL point estimate)
- ≥138% to ≤150% of FPL (144% FPL point estimate)
- 150% to ≤200% of FPL (175% FPL point estimate)
- 200% to ≤250% of FPL (225% FPL point estimate)
- 250% to ≤300% of FPL (275% FPL point estimate)
- 300% to ≤400% of FPL (350% FPL point estimate)
- 400% to ≤500% of FPL (450% FPL point estimate)
- >500% of FPL (550% FPL point estimate)

12. CMS publishes updated values each year at https://www.cms.gov/data-research/statistics-trends-and-reports/national-health-expenditure-data/projected, but does not retain prior versions of the file on this website. The 2023–2032 projections were published on June 12, 2024 and can be found in the CMS website archives at https://us.pagefreezer.com/en-US/wa/browse/97b01e00-724d-46ac-9417-9e52cd82c5a5?timestamp=2024-06-28T20:14:07Z, and were the latest available as of the September 6, 2024 publication of the enhanced schedule.
13. Specifically, we used the revised index values finalized in the Marketplace Integrity and Accessibility Rule, applied to 2025 instead of 2026. https://www.federalregister.gov/documents/2025/06/25/2025-11606/patient-protection-and-affordable-care-act-marketplace-integrity-and-affordability
14. Any income level below <100% FPL is assumed not to be eligible for enhanced or original premium subsidies in the Marketplace. For 2025 and earlier, permanent residents with incomes below 100% FPL who are ineligible for coverage in their first 5 years of residence are eligible for ACA subsidies applicable as if their income were 100% FPL. Beginning in 2026, these individuals will no longer be eligible for subsidies per H.R. 1.

We then developed a statewide average value of eAPTC for each income range by weighting the county-level eAPTC value with the state's distribution of Marketplace selections by county for a given income level, as reported in CMS PUF data. Next, we developed a statewide average value of eAPTC across all income levels by weighting the average eAPTC value for each income level by the state's distribution of enrollment by FPL. This methodology ensured that the statewide average eAPTC value accounted for both the distribution of enrollment by county within each FPL range, as well as the state's overall distribution of enrollment by FPL range.

The nationwide average eAPTC value was calculated for each income range by weighting the state-level eAPTC average value by income level with the distribution of marketplace selections by state for a given income level. We then calculated the final nationwide average value of eAPTC across all states by weighting the average nationwide eAPTC value for each income level by the nationwide distribution of enrollment by FPL range.

We utilized a constant individual age 40 member for illustrative purposes. In reality, each state has a unique age mix within its risk pool; accounting for the unique demographic characteristics of each state would have resulted in higher or lower average subsidy levels relative to the estimates in this report, since eAPTC value varies by age. Figures 9 and 10 present the variation in average value of eAPTC by age on a nationwide basis, but the PMPM results differ by market for FPL point estimates exceeding 275% FPL.

SUBSIDY STRUCTURE COMPARISON

Under the original ACA subsidy structure, premium tax credits were available to individuals with incomes between 100% and 400% FPL. The expected contribution toward the benchmark plan ranged from approximately 2% of income for those at the lower end of eligibility to 9.5% at the upper limit of 400% FPL, indexed for inflation. Individuals with incomes above 400% FPL were not eligible for subsidies regardless of premium costs.

The enhanced subsidies significantly reduced the expected contribution percentages and eliminated the 400% FPL cap:

- Individuals with incomes up to 150% FPL now have a 0% expected contribution (i.e., access to benchmark silver plans for $0 net premium)
- All other income levels up through 400% FPL also see contribution percentages, ranging from one to four percentage points of household income
- Individuals with incomes above 400% FPL are now eligible for subsidies if their benchmark premium exceeds 8.5% of their income

Figure 11 illustrates maximum contribution percentages under both subsidy structures for the various income levels.

FIGURE 11: ASSUMED MAXIMUM PREMIUM CONTRIBUTION PERCENTAGES UNDER BOTH ENHANCED AND ORIGINAL ACA SUBSIDY STRUCTURES (2025 BASIS)

FPL POINT ESTIMATE	ENHANCED SUBSIDY STRUCTURE (CURRENT)	ORIGINAL ACA STRUCTURE (2025 BASIS)*
99%	100.00%	100.00%
125%	0.00%	1.99%
144%	0.00%	4.83%
175%	1.00%	5.69%
225%	3.00%	7.12%
275%	5.00%	8.71%
350%	7.25%	9.43%
450%	8.50%	100.00%
550%	8.50%	100.00%

*To calculate maximum contribution percentages for 2025 premium tax credits under the original ACA structure, we applied the methodology applicable to 2026 coverage as published by the IRS at https://www.irs.gov/pub/irs-drop/rp-25-25.pdf using the NHE data underlying the 2023–2032 projections. Specifically, we used the revised index values finalized in the Marketplace Integrity and Accessibility Rule, applied to 2025 instead of 2026.

PROPORTION OF MARKETPLACE WITH ACCESS TO $0 NET PREMIUM

To estimate the availability of $0 net premium plans, we leveraged Marketplace premium rate information published by CMS to identify the five lowest-cost plan options within each metal tier and county combination. We used this information to calculate the subsidy amount available to an age 40 Marketplace member at various income levels (e.g., 144% FPL, 225% FPL). We then calculated subsidized premium amounts for this hypothetical member shopping between the five lowest-cost plan options within each metal tier. Based on this analysis, we identified the number of counties on a state and national basis (31 HealthCare.gov states) in which the representative Marketplace member has access to free plans. Using CMS Marketplace OEP data, we then calculated the Marketplace enrollment associated with the counties in which the plan(s) was(were) $0 net premium and divided by the total number of statewide/nationwide Marketplace selections to determine the proportions underlying Figures 9 and 10.

CONTACT

Matt Mraz, FSA, MAAA
matt.mraz@milliman.com

Kenneth Laskowski, FSA, MAAA
kenneth.laskowski@milliman.com