COVERED CALIFORNIA

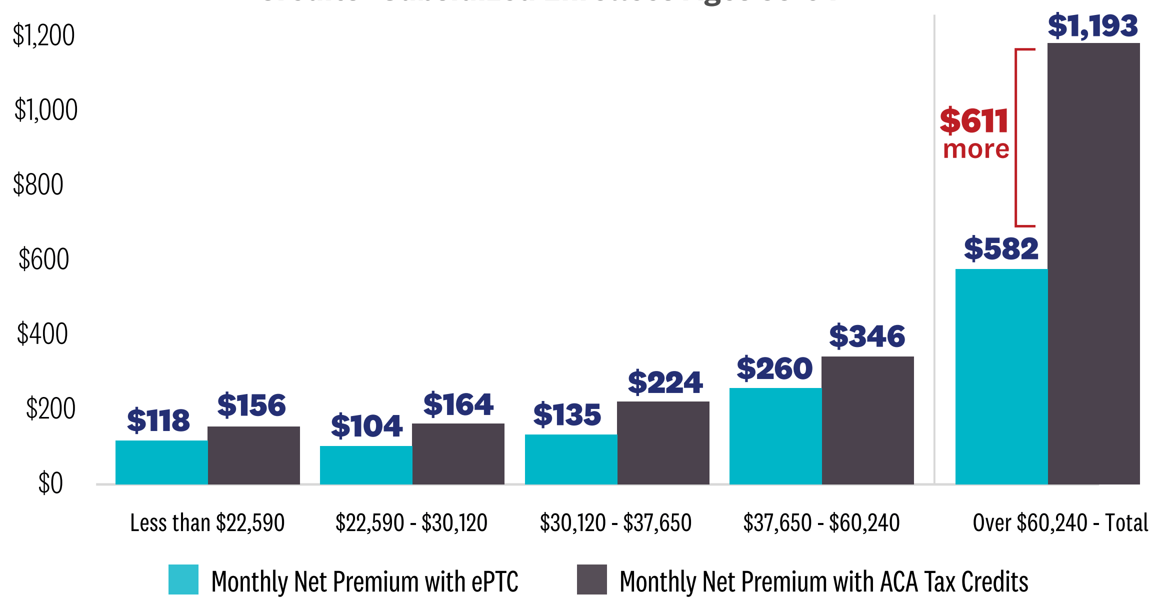
The Inflation Reduction Act Ensures Affordable Coverage for Older Enrollees

- **More than 517,000 enrollees between the ages of 55 and 64 are enrolled in subsidized coverage, representing the largest share of Covered California's subsidized enrollment.**
- **Older enrollees earning under $60,240 annually will see average monthly premiums increase to $231 if the enhanced premium tax credits expire in 2025, representing a 44% increase in premiums.**
- **Older middle-income enrollees would lose eligibility for premium tax credits entirely and face premiums over $1,200 per month, a cost that represents nearly a quarter of their total income. pay up to 17% of their annual incomes on health insurance.**

The Inflation Reduction Act of 2022 (IRA) substantially increased affordability of coverage available through the health insurance marketplaces created under the Patient and Protection Affordable Care Act (ACA). Passage of the Inflation Reduction Act resulted in record enrollment by:

- Increasing the amount of premium assistance for all consumers eligible to receive advanced premium tax credits (APTCs),
- Offering high-value plans with $0 net premiums for the marketplace's lowest income consumers, and
- Eliminating the "subsidy cliff" for middle-income consumers above 400 percent of the federal poverty level (FPL), who were previously ineligible for premium assistance.

Monthly Net Premiums Without the Extension of Enhanced Premium Tax Credits - Subsidized Enrollees Ages 55-64



Premiums shown are net of Affordable Care Act or Inflation Reduction Act tax credits, estimated based on Covered California 2024 rates and plan choice data.

With enhanced premium tax credits set to expire at the end of 2025, older enrollees, specifically those with ages between 55 and 64, face steep increases in the cost of premiums. Many individuals in this age group have high health needs, enforcing the critical need to maintain affordable access to care. Nationally, this age group accounts for nearly a fifth of health care spending, second only to the Medicare-eligible population.[i] In California's marketplace, half of older enrollees report having a chronic condition, and 2 in 5 estimate that they will visit a doctor 4 or more times in the coming year.[ii] Since at least 2020, this age group has comprised the largest share at nearly a third of Covered California's subsidized enrollment, with more than 517,000 individuals receiving premium tax credits in 2025. Enrollment among people ages 55-64 grew by 70,000 between 2020 and 2025, a 16% increase.[iii] Expiration of enhanced premium tax credits could lead to a reversal of these coverage gains, which would be especially harmful to older enrollees with higher health care needs.

In addition to increasing affordability of marketplace premiums, the Inflation Reduction Act fills a critical gap for many of these enrollees who do not have an offer of employer coverage but are not yet Medicare eligible. A third of Covered California enrollees ages 55-64 report being self-employed, 1 in 10 reports being retired, and 14% have incomes greater than 400% of FPL, making them ineligible for subsidies if the enhanced premium tax credits expire.[iv] Without the enhanced premium tax credits, those with incomes over 400% FPL will see their monthly premiums more than double.

"If there was no financial assistance from Covered California] it would be tough. It puts you between a rock and hard place because I'm getting a little bit older...it would definitely impact what I would do. I don't know what I would do, whether I would go without or whether I would go outside the marketplace and see if someone would give me 'hit-by-a-bus' insurance."

-Cynthia, a Covered California enrollee from Placer County. Without the enhanced tax credits, Cynthia could see her monthly premium payments increase 113%.

This brief outlines the premium changes that would result from the expiration of enhanced premium tax credits for California's marketplace enrollees between the ages of 55 and 64. A datasheet with a more comprehensive breakdown of premium changes is available on Covered California's website.

Premiums Will Increase 44% for Low-Income Older Consumers

Low-income, older enrollees expect to see nearly a fifty percent increase in average monthly premiums. For individuals aged 55-64, who earn less than $60,240, this translates to premium costs increasing to $231 per month on average. A 60-year-old living in Yolo County and earning approximately $30,000 annually would see monthly premiums increase from $52 to $154 for the second-lowest cost Silver plan, an increase of almost 200%.

Premiums Will More Than Double for Middle-Income Older Enrollees

If the Inflation Reduction Act subsidies expire, more than ten percent of older enrollees will no longer be eligible for financial assistance and see their average monthly premium costs increase by 105%. For instance, an older couple, both aged 55, living in Sacramento County and jointly earning $82,000 annually would see monthly premiums increase from $581 to $2,094 for the benchmark Silver plan. This represents monthly increases of $1,513 to pay for coverage, or $18,156 more annually.

Without premium tax credits, older enrollees face average premium costs of m nearly $1,200 per member, representing nearly a quarter of their monthly income. For individuals just over the "subsidy cliff", and just losing out on premium tax credit eligibility, these costs could total as much as 31% of their monthly income. By comparison, the ACA standard for deeming insurance offered through an employer affordable is less than 9.02% of an individual's income.[v] Enhanced premium tax credits have had a dramatic impact on coverage affordability for older, middle-income enrollees: enrollment in this segment has tripled under the enhanced premium tax credits to nearly 72,000 in 2025 since 2020. The increase in premiums due to the loss of premium tax credits would likely undermine the substantial growth in marketplace enrollment since 2020.

"I have enough to get by right now, but if I had to pay for health care I would not have enough to get by. That stress level would be kind of upsetting."

-Karen, a Covered California enrollee and retired high school teacher from Sonoma County. Without the enhanced tax credits, Karen could see her monthly premium payments more than double.

Premiums as a Percent of Income Without Enhanced Premium Tax Credits – Subsidized Enrollees Ages 55-64 (2025)

Federal Poverty Level Bracket	Annual Income for a Single Tax Filer at Bottom of Range	Average Monthly Premiums	Average Annual Premiums	Average Premiums as a Percent of Income	Subsidized Plan Selections
400-450% FPL	$60,240	$1,142	$13,701	31%	16,660
450-500% FPL	$67,770	$1,164	$13,965	27%	15,000
500-600% FPL	$75,300	$1,182	$14,180	24%	16,450
Over 600% FPL	$90,360	$1,254	$15,048	19%	23,700
TOTAL	--	**$1,193**	**$14,310**	**25%**	**71,820**

Renewing Federal Enhanced Premium Tax Credits Will Protect Affordability of Coverage for Older Enrollees

The enhanced premium tax credits have had a dramatic impact on coverage affordability across the nation and in California, ensuring access to affordable coverage and helping reduce the uninsured rate to historic lows.[vi] Without extension of these enhanced premium tax credits beyond 2025, access to affordable health coverage and care will be at risk for many older consumers, reducing access to a key source of coverage for those who need coverage before becoming eligible for Medicare.

"I'm just happy, I'm grateful. Without [health insurance] I could be looking at huge, huge, huge medical bills. There's just peace of mind that if you have a really bad year maybe you're going to pay 7 or 8 thousand dollars but you're not going to pay 700 or 800 thousand dollars!"

-Melanie, a Covered California enrollee and early retiree from Orange County. Without the enhanced tax credits, Melanie could see her premium payments increase by nearly $500 per month.

Endnotes

i. McGough, M., Claxton, G., Amin, K., Cox, C. (2024, January 4). *How do health expenditures vary across the population?*. Peterson Center on Healthcare & KFF. https://www.healthsystemtracker.org/chart-collection/health-expenditures-vary-across-population/#Share%20of%20total%20population%20and%20total%20health%20spending,%20by%20age%20group,%202021.

ii. The California Health Coverage Survey ("Member Survey") is an annual probability-based representative survey conducted by NORC at the University of Chicago for Covered California immediately following Open Enrollment. Results from the 2023 survey were used in this paper.

iii. Centers for Medicare & Medicaid Services. (2025, March 3). 2020 Marketplace Open Enrollment Period Public Use Files. https://www.cms.gov/data-research/statistics-trends-and-reports/marketplace-products/2020-marketplace-open-enrollment-period-public-use-files.

iv. Retired and self-employed enrollees are defined as those that report receiving retirement or self-employment income, respectively.

v. Covered California. Employer Coverage and Financial Help. https://www.coveredca.com/learning-center/employer-sponsored-coverage/employer-coverage-and-financial-help/.

vi. Centers for Medicare & Medicaid Services, Assistant Secretary for Planning and Evaluation, Office of Health Policy. (2024). Improving Access to Affordable and Equitable Health Coverage: A Review from 2010 to 2024. https://aspe.hhs.gov/sites/default/files/documents/9376755db2480ad7288aaa5ec38f3d8c/improving-access-to-coverage.pdf