COVERED CALIFORNIA

The Inflation Reduction Act Ensures Affordable Coverage for Older Enrollees

- **More than 492,000 enrollees between the ages of 55 and 64 are receiving premium tax credits, representing the largest share of Covered California's subsidized enrollment.**
- **Older enrollees earning under $62,600 annually will see average monthly premiums increase to $212 if the enhanced premium tax credits expire in 2025, representing a 69% increase in premiums.**
- **Older middle-income enrollees would lose eligibility for premium tax credits entirely and face premiums of about $1,317 per month (about $15,800 annually), a cost that represents over a quarter of their total annual income.**

The Inflation Reduction Act of 2022 (IRA) substantially increased the 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.

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.[1] 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.[2] 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 492,000 individuals receiving premium tax credits in 2025. Enrollment among people ages 55-64 grew by 101,000 between 2020 and 2025, a 23% increase.[3] 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.

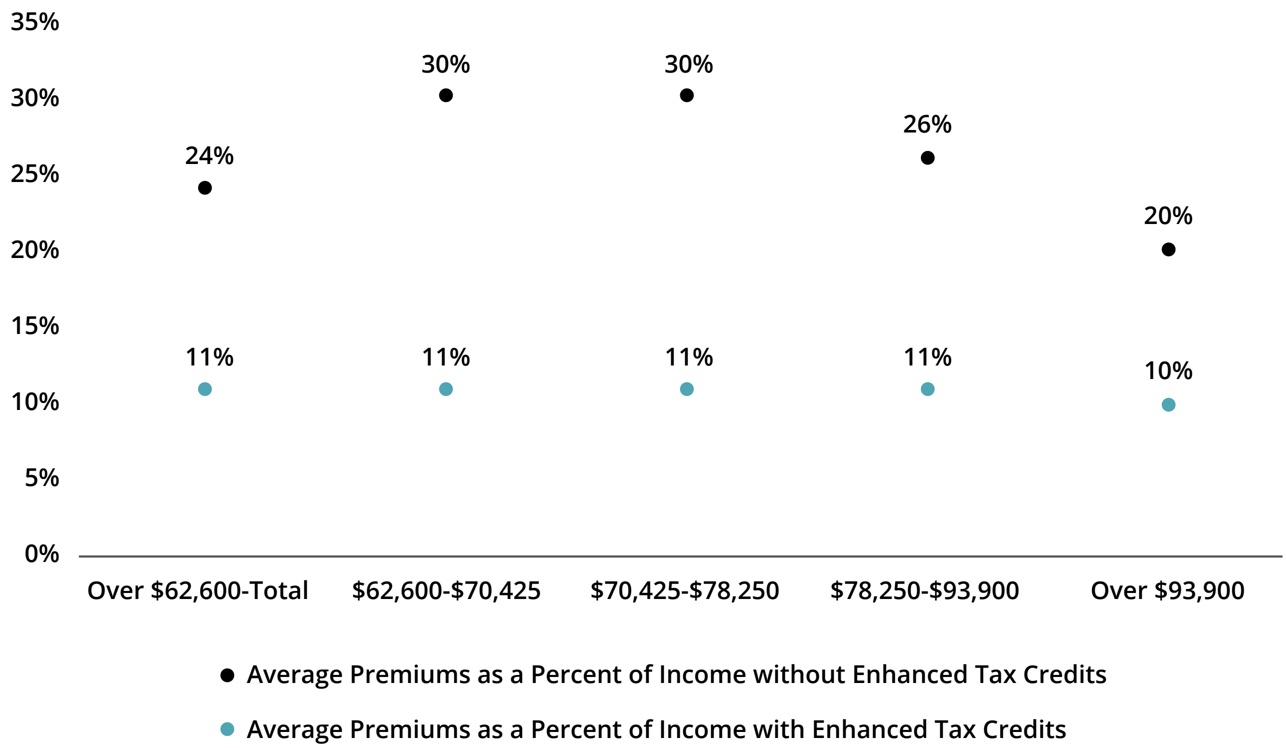
In addition to increasing affordability, the enhanced premium tax credits fill a critical gap for many of these enrollees who do not have an offer of employer coverage but are not yet Medicare eligible. A third of Covered California enrollees ages 55-64 report being self-employed, 1 in 10 report being retired, and 14% have incomes greater than 400% of FPL, making them ineligible for subsidies if the enhanced premium tax credits expire.[4] Without the enhanced premium tax credits, those with incomes over 400% FPL will see their monthly premiums more than double.

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 69% for Low-Income Consumers

Low-income, older enrollees expect to see nearly a seventy percent increase in average monthly premiums. For individuals aged 55-64, who earn less than $62,600, this translates to premium costs increasing to $212 per month on average. A 60-year-old living in Yolo County and earning approximately $31,000 annually would see monthly premiums increase from $53 to $174 for the second-lowest cost Silver plan, an increase of 228%.

Premiums as a Percent of Income for Enrollees Ages 55-64 Incomes over $62,600



Premiums Will More Than Double for Middle-Income Older Enrollees

If the enhanced premium tax credits 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 134%. For instance, an older couple, both aged 55, living in Sacramento County jointly earning roughly $85,000 annually would see their monthly premiums increase from $601 to $2,224 for the benchmark Silver plan. This represents monthly increases of $1,623 to pay for coverage, or $19,476 more annually.

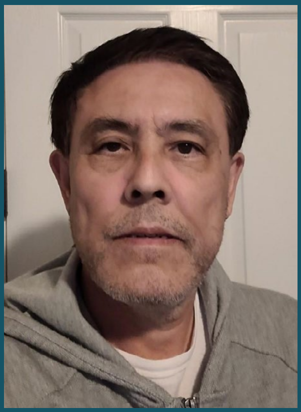
Without premium tax credits, older enrollees face average premium costs of over $1,300 per member per month, representing nearly a quarter of their monthly income. For individuals just over the "subsidy cliff", and just losing out on premium tax credit eligibility, these costs could total as much as 30% of their monthly income. By comparison, the ACA standard for deeming insurance offered through an employer affordable will be less than 9.96% of an individual's income in 2026.[5] 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 68,480 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.

Premiums as a Percent of Income Without Enhanced Premium Tax Credits Subsidized Plan Selections Ages 55-64 (2026)

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	$62,600	$1,258	$15,094	30%	17,849
450-500% FPL	$70,425	$1,288	$15,462	30%	13,678
500-600% FPL	$78,250	$1,305	$15,658	26%	16,962
Over 600% FPL	$93,900	$1,388	$16,651	20%	30,483
Total	-	$1,317	$15,800	27%	78,972

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.[6] 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.



"Having subsidized health care through Covered California has helped me a lot. Without it, I'd have to pay Kaiser out of pocket, around a thousand dollars and that's just too much. With Covered California, I only pay a little over a hundred dollars for both dental and health coverage. Getting health care through Covered California is a no-brainer, it's the best option out there."

-Zhe, a Covered California enrollee from El Dorado County. Without the enhanced tax credits, Zhe could see his premium payments increase by $145 per month.

"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 $162 per month.

Endnotes

1 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.

2 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 2024 survey were used in this paper.

3Centers 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.

Centers for Medicare & Medicaid Services. (2025, May 12). 2025 Marketplace Open Enrollment Period Public Use Files. https://www.cms.gov/data-research/statistics-trends-reports/marketplace-products/2025-marketplace-open-enrollment-period-public-use-files

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

5 Internal Revenue Service. (2025). 26 CFR 601.105: Examination of returns and claims for refund, credit, or abatement; determination of correct tax liability (Also Part 1, §§ 36B, 1.36B-2, 1.36B-3). https://www.irs.gov/pub/irs-drop/rp-25-25.pdf

6 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