



Taking Away Enhanced Premium Tax Credits Substantially Undermines Affordable Coverage for Communities of Color

- Communities of color have seen some of the largest increases in enrollment: Latino enrollment grew by 43% and Black/African American enrollment increased by 53% between 2020 and 2025.
- If enhanced tax credits are not extended beyond 2025, California's marketplace net premiums will increase by \$125, an increase of 97%.
- Some communities of color will be disproportionately impacted: premiums will increase by 122% for Latinos, 112% for Asians and 106% for Black/African Americans.

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 (just over \$62,600 for individuals), who were previously ineligible for premium assistance.

Since the introduction of enhanced premium tax credits through the American Rescue Plan Act in 2021, marketplace enrollment has surged among communities of color in California. Between January 2020 and January 2025, enrollment among Latinos grew by 43% and enrollment among Black/African Americans grew by 53%, compared to the statewide growth rate of 29%.^{1,2}

This growth in enrollment has corresponded with a further decline in the uninsured rates in the state which had held relatively steady since 2016. After the passage of enhanced premium tax credits through the American Rescue Plan Act, the uninsured rate in California dropped to a record low of 5.9% in 2024.³ Many communities of color, with higher uninsured rates than the overall population, saw some of the largest reductions in the uninsured.

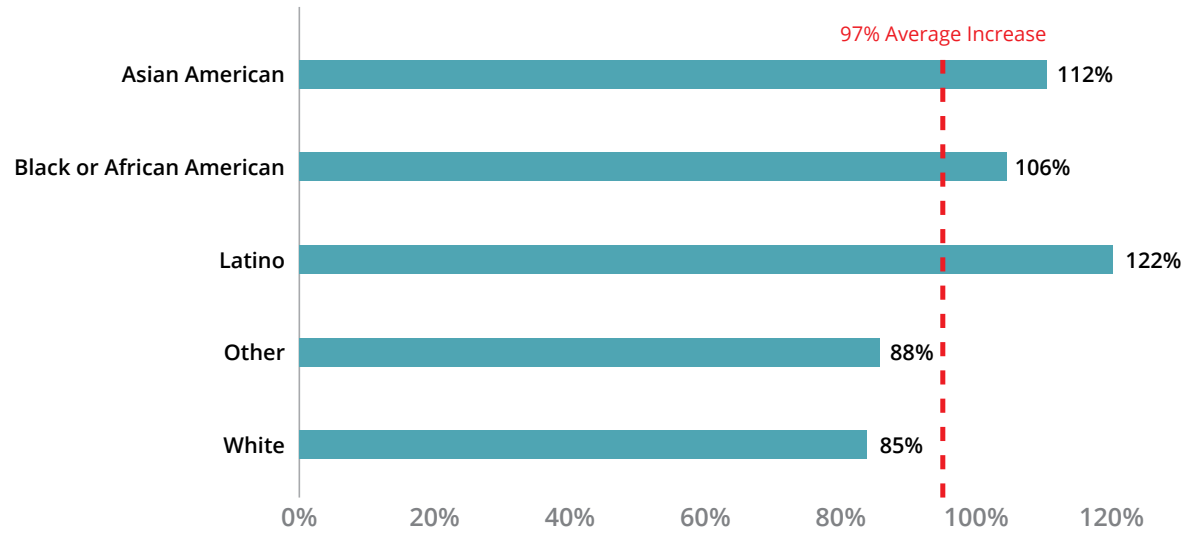
Expiration of enhanced premium tax credits threatens to eliminate the coverage gains made possible with increased affordability, particularly impacting vulnerable populations. This brief is part of a series outlining the premium changes that would result from the expiration of enhanced premium tax credits for California's marketplace enrollees. All briefs in the series, in addition to a datasheet with a more comprehensive breakdown of premium changes, are available on [Covered California's website](#).

"If [the subsidy] went away it would be a huge disappointment. You have to have health coverage. If I were to get sick and be hospitalized, then there goes everything if I didn't have health coverage."

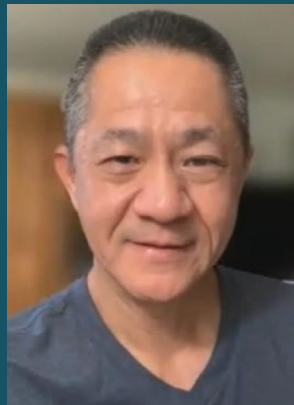
Tim, a Covered California enrollee and personal care assistant from Riverside County. Without the enhanced tax credits, Tim could see his premium payments increase by \$67 per month.



Average Percentage Increase in Monthly Net Premiums without Enhanced Tax Credits



- Average Percentage Increase in Monthly Net Premiums without Enhanced Tax Credits

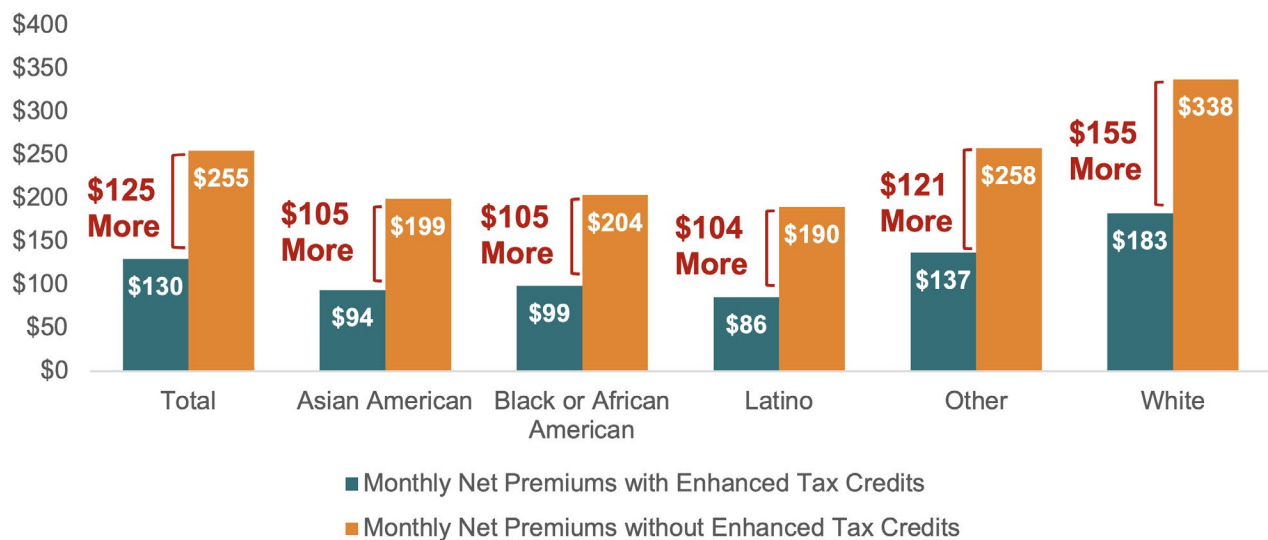


“[Financial help through Covered California] has helped a lot. It’s actually been able to help continue in having a policy. I don’t know if I could afford to pay the regular premium. I’d probably end up going without health insurance for myself”

-Takeomi, a Covered California enrollee and self-employed insurance agent from Los Angeles. Without the enhanced tax credits, Takeomi could see his premium payments triple.

Communities of Color Face Largest Increases in Premiums

Monthly Net Premiums Without the Extension of Enhanced Premium Tax Credits - Subsidized Enrollees by Race/Ethnicity



*Other includes enrollees who identify as American Indian/Alaska Native, Multiple Races, or Other

Premiums shown are net of Affordable Care Act or Inflation Reduction Act tax credits, estimated based on Covered California 2026 rates and plan choice data.

Overall, Covered California enrollees currently receiving subsidies will see their monthly premiums increase by 97% if enhanced premium tax credits expire at the end of 2025. However, many racial and ethnic groups will be disproportionately impacted: premiums will increase by 122% for Latino enrollees, 106% for Black/African Americans, and 112% for Asian enrollees. As a consequence, communities that had some of the highest gains in enrollment since 2020 will have the greatest threats to affordable coverage without the enhanced tax credits.

Race/ Ethnicity ⁴	Asian American or Pacific Islander	Black or African American	Latino	Other	White	Total
Average Annual Household Income	\$54,295	\$45,618	\$53,022	\$61,023	\$63,855	\$58,417
Subsidized Enrollees	350,630	36,970	430,470	138,530	415,380	1,670,610
Share of All Enrollees	21%	2%	26%	8%	25%	100%

Renewing Federal Enhanced Premium Tax Credits Will Support Coverage Affordability for Historically Marginalized Communities

The enhanced premium tax credits have had a dramatic impact on coverage affordability across the nation and in California, leading to large enrollment increases across all communities and particularly among groups with higher than average uninsured rates. Without extension of these enhanced tax credits beyond 2025, access to affordable health coverage and care will be at risk for communities of color that have historically had limited access to healthcare.

Endnotes

- 1 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>.
- 2 Covered California. (2025). 2025 Open Enrollment and Renewal Net Plan Selection Profile. https://hbex.coveredca.com/data-research/library/CC_Open_Enrollment_Renewal_Profile_Net_2025_R20250214.xlsx.
- 3 U.S. Census Bureau, U.S. Department of Commerce. (2024). Selected Characteristics of Health Insurance Coverage in the United States. American Community Survey, ACS 1-Year Estimates Subject Tables, Table S2701. Retrieved October 10, 2025, from https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fwww2.census.gov%2Fprograms-surveys%2Fdemo%2Ftables%2Fhealth-insurance%2F2025%2Facs-hi%2Fhi05_acs.xlsx&wdOrigin=BROWSELINK.
- 4 Nonrespondents were excluded from visualizations but make up 18% of the Covered California population (298,650 enrollees).