



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 premiums will increase by \$101 per month, an increase of 66%.**
- **Communities of color will be disproportionately impacted: premiums will increase by 80% for Latinos, 74% for Asians and 67% for Black/African Americans.**

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 (APTC),
- 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 \$60,000 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%.^{i,ii}

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 6.4% in 2023ⁱⁱⁱ. 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 threaten 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](#).

Communities of Color Face Largest Increases in Premiums

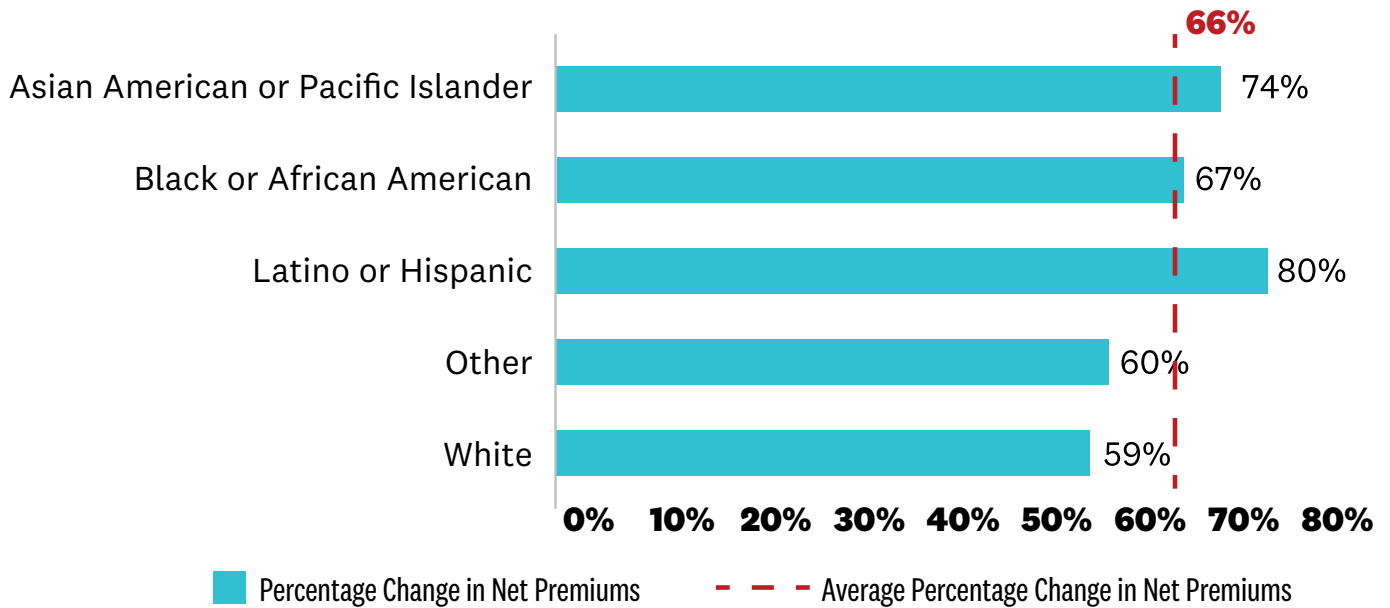
Overall, Covered California enrollees currently receiving subsidies will see their monthly premiums increase by 66% if enhanced premium tax credits expire at the end of 2025. However, many racial and ethnic groups will be disproportionately impacted: premiums will increase by 80% for Latino enrollees, 67% for Black/African Americans, and 74% 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.



"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."

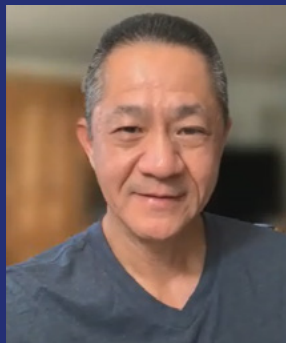
-Tim, a Covered California enrollee and personal care assistant from Humboldt County. Without the enhanced tax credits, Tim could see his premium payments increase by 55%.

Percentage Change in Net Premiums Without Extension of Enhanced Premium Tax Credits - Enrollees by Race/Ethnicity



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

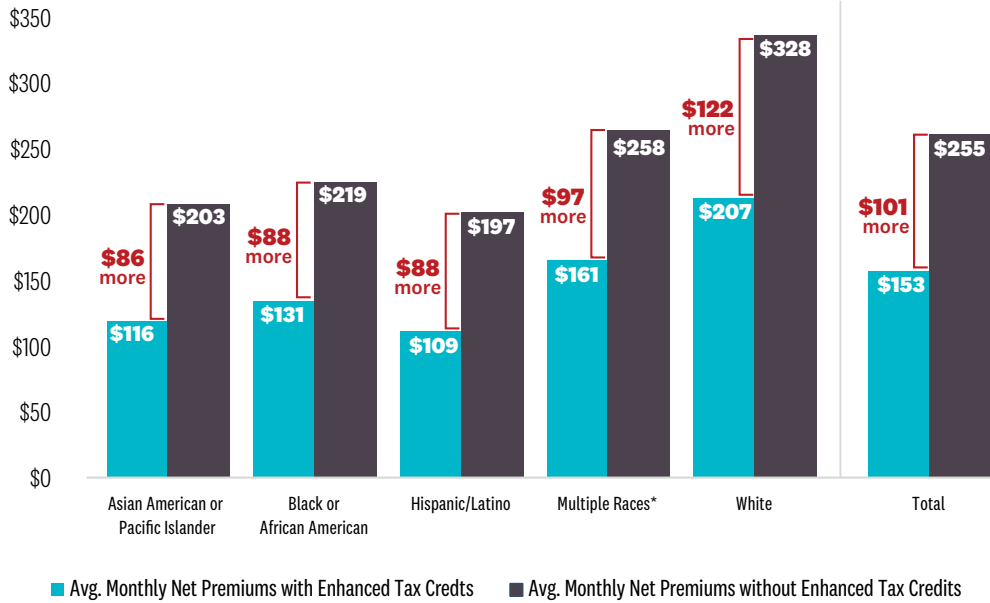
The enhanced premium tax credits have had a dramatic impact on coverage affordability across the nation and in California, leading to large enrollment increases across all communities and particularly among groups with higher than average uninsured rates. Without extension of these enhanced tax credits 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.



“[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 nearly double.


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



*Multiple Races include 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 2025 rates and plan choice data.

Race/Ethnicity ^{iv}	Asian American or Pacific Islander	Black or African American	Hispanic/Latino	Multiple Races	White	Total
Average Annual Household Income	\$53,272	\$44,167	\$51,893	\$59,139	\$61,647	\$56,794
Subsidized Enrollees	360,530	39,860	447,880	146,550	439,090	1,749,550
Share of All Enrollees	21%	2%	26%	8%	25%	100%



“[Covered California] is an awesome help for people that can’t afford health insurance. I didn’t honestly realize how expensive it would be trying to get my own insurance and being unemployed. For me, being an African American woman, [high blood pressure and cholesterol] are things that put me at higher risk for stroke and heart attack. So it was important for me to become healthy and stay healthy.”

-Toye, a Covered California enrollee and early retiree from Los Angeles. Without the enhanced tax credits, Toye could see her monthly premium payments increase by 56%.

Endnotes

- i 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>.
- ii 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.
- iii U.S. Census Bureau, U.S. Department of Commerce. (2023). Selected Characteristics of Health Insurance Coverage in the United States. American Community Survey, ACS 1-Year Estimates Subject Tables, Table S2701. Retrieved April 22, 2025, from <https://data.census.gov/table/ACSST1Y2023.S2701?q=ca+insurance+rate>.
- iv Nonrespondents were excluded from visualizations but make up 19% of the Covered California population (285,280 enrollees).