Many Californians Go Uninsured after Expiration of Federal Enhanced Tax Credits

- **Following federal inaction to extend the enhanced premium tax credit, Covered California effectuated enrollment has declined by 9%, with nearly 175,000 fewer consumers enrolled in coverage compared to last year.[1]**
- **The decline in enrollment is driven by a reduction in new sign-ups, as well as 19% of Covered California enrollees choosing to terminate their coverage (approximately 371,000), the highest non-renewal rate since the initiation of the federal enhanced tax credit in 2021.**
- **Substantial disparities exist in termination rates: 27% of middle-income consumers who lost eligibility for financial assistance disenrolled, compared to only 8% of lower-income enrollees whose premium assistance was maintained by California's state subsidy program.**
- **The share of disenrolled consumers going uninsured doubled, increasing to 22% in 2026 compared to 11% in 2025.**
- **Nearly all of those who are uninsured report financial stress due to the cost of healthcare, with most planning to delay care they need while they go without coverage.**

The federal enhanced premium tax credit (ePTC) substantially lowered the cost of health coverage for millions of marketplace consumers, leading to record-high enrollment in California and across the country between 2021 and 2025. By the end of Open Enrollment 2025, a total of 24.3 million individuals were enrolled in marketplace coverage nationally, including nearly 2 million enrolled through Covered California.[2,3] While increasing affordability for consumers already eligible for financial help, the enhanced premium tax credit also made financial assistance available to middle-income households for the first time by eliminating the Affordable Care Act's "subsidy cliff" for consumers above 400% of the federal poverty level.

However, the enhanced premium tax credit expired at the end of the 2025 plan year, with net premiums expected to nearly double, on average, for Covered California enrollees.[4] Facing substantial price increases, hundreds of thousands of marketplace consumers disenrolled from coverage. This aligned with enrollment trends across the country, as 2.6 million fewer individuals were enrolled in marketplace coverage in 2026 compared to 2025.[5] While this corresponds to a

"I was just lamenting about how I had no healthcare and how exposed I felt, how dangerous it was. [It] was very stressful, very stressful. [...] My wife might have active skin cancer and might need active treatment. And how am I going to pay for this?"

Francis is a self-employed consultant living in the Los Angeles area. During Open Enrollment, he saw that the premium for him and his wife was going to become unaffordable, so he dropped the coverage. Since experiencing a change in income, he has reenrolled with Covered California.*

**Name has been changed to protect consumer's privacy.*

12% decline in national enrollment, Covered California's notably less-severe enrollment decline over the same period can be attributed to the state premium affordability program for its lowest-income consumers and intensive outreach efforts.

Notwithstanding California's efforts to mitigate the premium impact of the federal government's failure to extend the ePTC, many of Covered California's consumers have still been negatively impacted and dropped coverage as a result. New survey data among these terminating members shows that twice as many people went uninsured after disenrolling and report significant financial stress and plans to delay seeking care, demonstrating how the loss of affordability is impacting real people and their day-to-day lives. This brief outlines key impacts of ePTC expiration on enrollee retention using Covered California administrative and consumer survey data to document the financial and health care impacts of consumers forgoing coverage due to increased costs.

Affordability matters: Consumers facing largest premium increases terminate at highest rates

Largely because of premium increases that resulted from the failure to extend enhanced tax credits, Covered California consumers disenrolled from health coverage in 2026 at a significantly higher rate than in prior years: 19% of renewing consumers (more than 371,000 consumers) terminated coverage in 2026, compared to only 13% in 2025. This count is 116,000 more than would have terminated had consumers disenrolled at the rate seen in 2025.

Termination rates varied substantially by income, ranging from 8% among the lowest-income consumers to 27% among middle-income consumers who lost eligibility for financial assistance entirely. To offset premium increases for the lowest income-consumers, California implemented a state premium subsidy program in 2026 that maintained the same level of financial assistance for consumers earning 138% to 150% FPL. As a result, the termination rate for this group was slightly ***lower*** than in 2025 (8% vs 9%). However, middle income consumers earning more than 400% FPL (equivalent to an annual income of $63,840 for an individual, and $132,000 for a family of four)[6] who lost financial assistance entirely saw termination rates more than double, increasing from 12% in 2025 to 27% in 2026. This difference in termination rates strongly suggests that affordability was the driving factor in consumers' decisions to remain covered.

Figure 1. Termination Rates Among Renewals for Plan Years 2023 to 2026

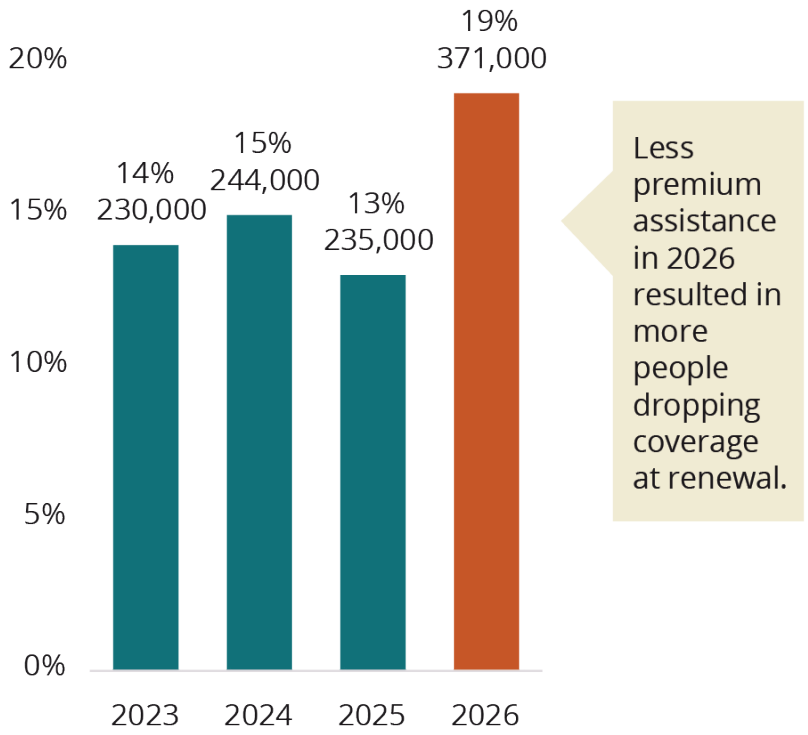
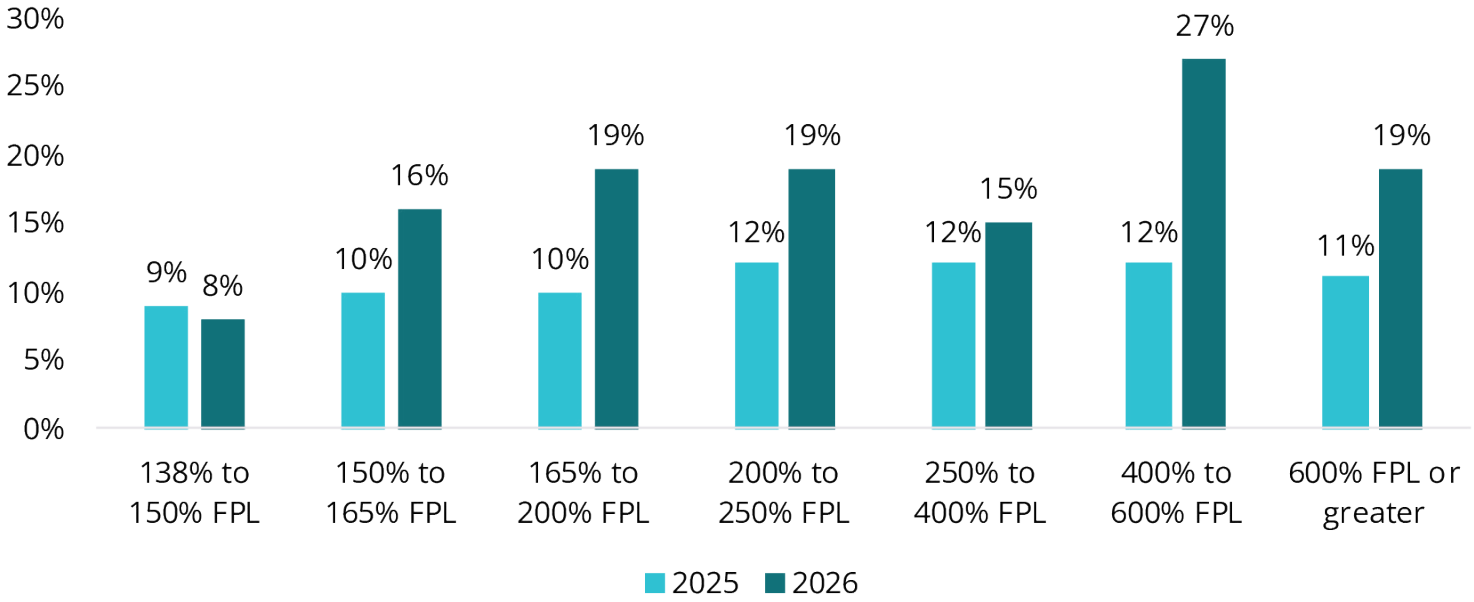


Figure 2. Termination Rates Among Renewing Consumers 2025-2026, by FPL Bracket



Note: Consumers 138% FPL or less were not included in this brief, as this group is affected by movement to Medi-Cal.

Communities of color are terminating at disproportionate rates

Demographic data shows substantial disparities in termination rates among certain enrollee populations. In 2026, termination rates among Black or African American consumers reached 30%, and 23% among Latino consumers, compared to an average of 19% among all consumers. These disparities persist even when controlling for differences in income. For example, among members with incomes between 200% and 250% FPL, termination rates reached 30% among Black or African American enrollees and 23% among Latino consumers, compared to 17% among White enrollees.

Additionally, younger consumers terminated coverage at higher rates compared to other age groups. Consumers aged 18 to 25 had a termination rate of 25%, compared to a termination rate of 14% among enrollees aged 55 to 64. This disparity is also present when comparing within income groups; among members with incomes between 200% and 250% FPL, consumers ages 18 to 25 had a termination rate of 26%, compared to 11% among enrollees aged 55 to 64. The changes in affordability are driving younger and healthier consumers to disenroll at higher rates, impacting the marketplace risk mix and increasing premiums for all consumers who retain coverage.

"[Health care costs] are extremely stressful. Because one does want to be able to go to a doctor. One does want to be able to have a long life. But it's between that and pay for rent or food. My husband's the only worker. My daughter has a lot of necessities that nobody helps us with. They'll say that my husband makes too much, even though we barely scrape by."

"I would love to have health insurance where I could actually use it and take care of myself so I can take care of my daughter for many years to come."

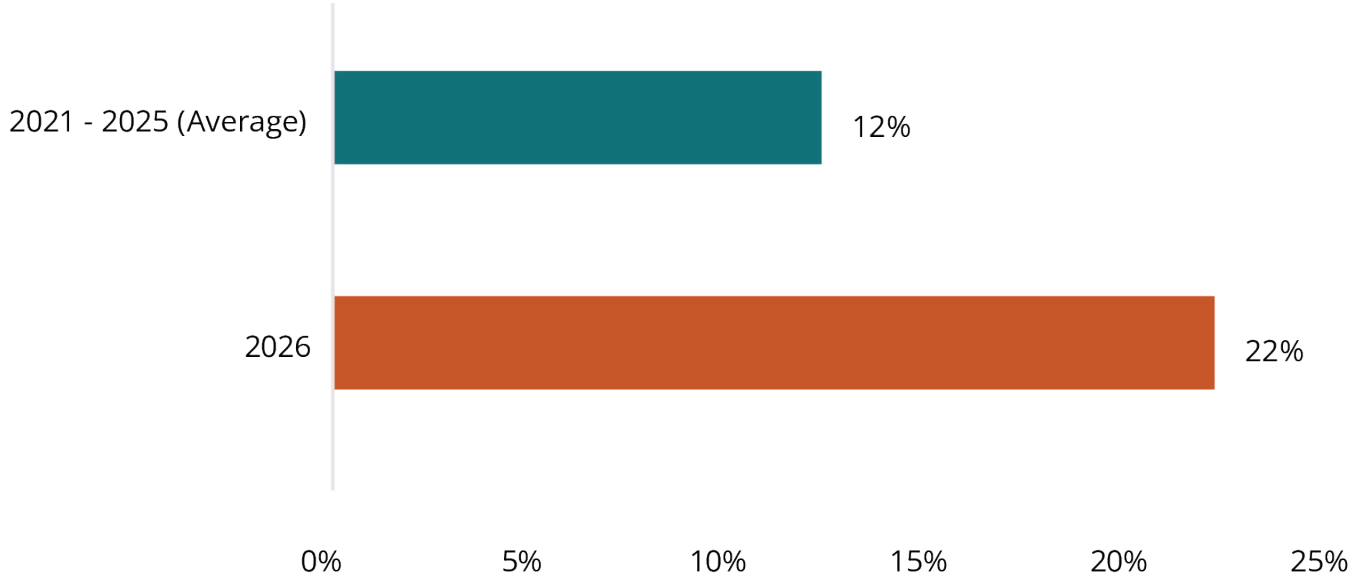
Teresa lives in Fresno with her daughter and husband. She stays at home to take care of and home school her daughter, who has Autism Spectrum Disorder and complex health needs. When her family's premium rose five-fold, she and her husband dropped their coverage and began putting rent, food, and their daughter's needs ahead of their own health care.

Terminating members are twice as likely to report being uninsured in 2026

Termination rates are an important indicator of how many people are dropping coverage. However, they tell an incomplete story of the consumer impacts, as some consumers may be moving to another source of coverage (such as employer-sponsored insurance). Covered California's annual Member Survey, which is fielded annually following Open Enrollment, provides information about the share of consumers who may be uninsured following renewal.[7]

In 2026, uninsurance rates doubled compared to 2025: 22% of terminating renewal consumers reported being uninsured in 2026, up from 11% in 2025. Uninsurance rates amongst those dropping marketplace coverage had consistently remained much lower during the period the enhanced premium tax credit was available (averaging about 12% in California), indicating that premium increases in 2026 caused an immediate affordability shock, leading many consumers to go uninsured.

Figure 3. Uninsured Rate among End-of-Year Terminating Members: 2021-2026



Source: 2026 California Health Coverage Survey

Newly uninsured consumers face difficult tradeoffs in managing their health. Survey data and consumer interviews indicate that many consumers are making substantial sacrifices to afford needed care, such as keeping their children enrolled while parents go uninsured, or experiencing substantial stress in considering how to balance financial tradeoffs within their

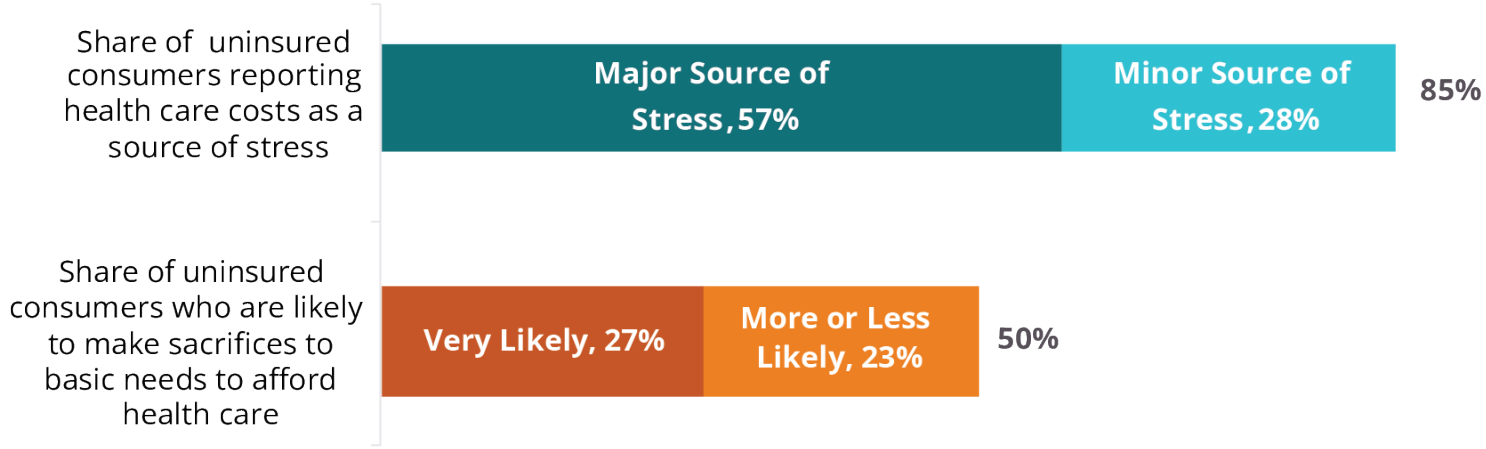
"The people who opt out of health insurance are not doing it because they don't think they need it. They're doing it because they can't afford it. I have looked high and low for other options. I have really spent hours searching for health care options that are affordable for my husband and I, and I haven't been able to find anything."

Amanda is a freelance writer living in Northern California, with her son and husband, who is also self-employed. Her family no longer qualifies for federal premium tax credits, so their monthly premiums rose by $2,000 compared to 2025. Amanda and her husband opted to purchase health insurance for their son, who has a rare health condition, and go without insurance themselves.*

**Name has been changed to protect consumer's privacy.*

budgets. Among consumers who went uninsured, 85% report that health care costs are a source of stress in their life right now, including 57% who report it as a major source of stress. Half of these consumers said that they would likely make sacrifices in meeting other basic household needs in order to afford care while uninsured this year. These financial barriers will impact individuals' ability to get care. More than three-quarters of uninsured consumers say they would delay or skip their annual check-up, while 71% said they would delay or skip seeking care for an urgent health issue due to financial concerns this year.[8,9] These survey results suggest that uninsured consumers are likely delaying needed care, but will ultimately make difficult tradeoffs and sacrifices in other areas of their household budget in order to afford any care they ultimately seek. Already, national data has shown that uninsured consumers are seeking care at hospitals at higher rates than in the past, putting extra financial strain on the health care system.[10] Affordable coverage options enable consumers to access high-value care when they need it, rather than forcing them to rely on urgent care in high-cost settings.

Figure 4. Uninsured Consumers Reporting Financial Stress and Trade-offs to Afford Health Care



Conclusion

The expiration of the federal enhanced premium tax credit made coverage less affordable for many marketplace consumers, forcing consumers to confront financial barriers to coverage, with many choosing to instead go uninsured. With twice as many consumers reporting being uninsured following renewal compared to prior years, federal changes are directly impacting Californians' ability to afford and access care that they need. Communities of color are terminating at disproportionately higher rates, and younger consumers are leaving in higher volumes, impacting premiums for those who remain covered. Uninsured consumers are reporting substantial financial stress and anticipate delaying both preventative and urgent care. As the testimonials outlined in this report demonstrate, real people with real health needs have been forced to drop coverage – certainly not the result of the enrollment declines due to crackdowns on fraudulent enrollment that some critics claim. As Covered California documented for CMS earlier this year, our marketplace has had an array of proactive and effective solutions to prevent fraud in place for years;[11] the evidence in this brief is a reminder that the coverage losses in California stem from affordability choices made by policymakers. The data reinforce a reality that many American families know all too well: when health care is unaffordable, fear and financial stress rise as coverage and care slip out of reach.[12]

Endnotes

[1] Covered California (2026). Membership Dashboard: Covered California Monthly Effectuated Reporting. Data reflects enrollment levels for May 2026 and May 2025. https://hbex.coveredca.com/data-research/dashboards/membership-dashboard/

[2] Ortaliza, J., Lo, J., & Cox, C. (2025, April 2). Enrollment growth in the ACA marketplaces. KFF. https://www.kff.org/affordable-care-act/enrollment-growth-in-the-aca-marketplaces/

[3] Covered California. (2026, February 2). Covered California reaches landmark achievement with nearly 2 million enrolled as open enrollment concludes. https://www.coveredca.com/newsroom/news-releases/2025/02/20/covered-california-reaches-landmark-achievement-with-nearly-2-million-enrolled-as-open-enrollment-concludes/

[4] Covered California (2026). Impact of enhanced premium tax credits for Covered California enrollees. [Data set]. https://hbex.coveredca.com/data-research/library/Impact%20of%20Enhanced%20Premium%20Tax%20Credits%20for%20Covered%20California%20Enrollees%20-%202026.xlsx

[5] Lo, J., McGough, M., & Cox, C. (2026, July 28). How has ACA marketplace enrollment changed across states in 2026?. KFF. https://www.kff.org/affordable-care-act/how-has-aca-marketplace-enrollment-changed-across-states-in-2026/?utm_campaign=29801740-KFF-ACA-EPTC-2025&utm_medium=email&_hsenc=p2ANqtz-8iVyBSpO_-3dguHaJOWSlrWByz4PAc6wBOPcbqjC93ZOiMWEp5oLlgWWpWcUnaUzxx-53Trhbngo2n-p0XE4hBWhwzN_A&_hsmi=430477905&utm_content=430477905&utm_source=hs_email

[6] Office of the Assistant Secretary for Planning and Evaluation. (2026). 2026 poverty guidelines: 48 contiguous states (all states except Alaska and Hawaii). U.S. Department of Health and Human Services. https://aspe.hhs.gov/sites/default/files/documents/b1bfa16b20ae9b89d525bc35de7c1643/detailed-guidelines-2026.pdf

[7] Covered California conducts the Member Survey in partnership with NORC at the University of Chicago after the close of Open Enrollment. This year, Covered California surveyed 2,230 renewing consumers who terminated their coverage for the 2026 plan year during Open Enrollment.

[8] Covered California (2026, June 18). Executive director's report [PowerPoint slides]. PDF. https://board.coveredca.com/meetings/2026/June%2018,%202026/2026.06.18_ED_Report.pdf

[9] Full survey questions are: To what extent are healthcare costs a source of stress in your life right now? Thinking about the rest of 2026, how likely do you think it is that you or someone else in your household will do any of the following to cover healthcare costs: make sacrifices in meeting the household's basic needs? Thinking about the rest of 2026, how likely do you think it is that you or someone else in your household will do any of the following for financial reasons: delay or skip your annual checkup, delay or skip seeking care for an urgent health issue?

[10] Abelson, R. (2026, July 30). Uninsured patients rise sharply, hospitals report, citing Obamacare cuts. The New York Times. https://www.nytimes.com/2026/07/30/business/aca-obamacare-health-insurance.html

[11] Covered California. (2026, March 30). Request for information (RFI) related to comprehensive regulations to uncover suspicious healthcare (CRUSH) (RIN 0938-AV97) [Comment letter]. https://hbex.coveredca.com/regulations/PDFs/CMS_CRUSH_RFI_2026.03.30.pdf

[12] Nelson, P., Malani, A., Colleran, J., Volkov, E., & Mulligan, C. B. (2026, June 26). ACA exchange enrollment in 2026. ASPE. https://www.aspe.hhs.gov/reports/aca-exchange-enrollment-2026