Enhanced Affordable Care Act (ACA) Tax Credits Availability: Impact on Race/Ethnicity

Having affordable health insurance that covers various health services is essential for historically marginalized groups and underserved individuals, particularly those with chronic conditions like cancer. Research from the American Cancer Society shows that people without insurance are less likely to get regular cancer screenings. This means they are often diagnosed later, when the cancer is harder to treat, and the therapies are more expensive.

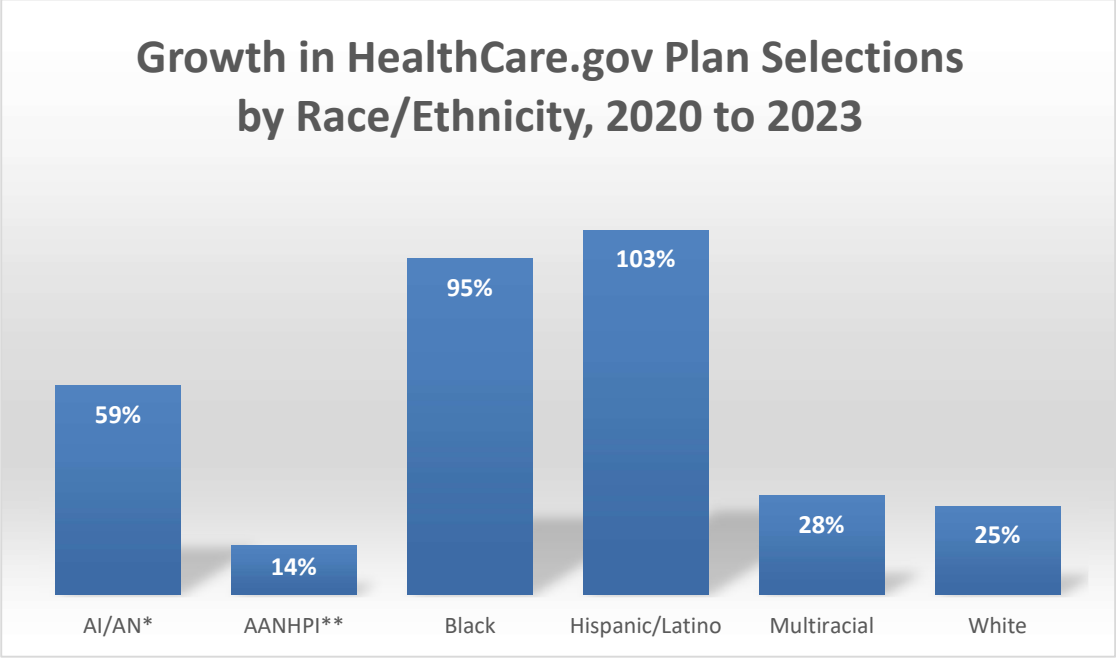
What Are Enhanced ACA Tax Credits?

The Affordable Care Act (ACA) helps people buy health insurance through the Marketplace by offering tax credits that lower the cost of monthly premiums. Under the ACA, tax credits are available to individuals between 100% of the federal poverty level (FPL) ($15,650 in 2025) and up to 400% FPL ($62,600 in 2025) are eligible for tax credits. The amount of the tax credit is based on two factors: (1) the individual's income (the lower the income level, the higher the amount of tax credit) and (2) the second lowest cost silver plan available in the area in which the person lives.

In March 2021, Congress enhanced these tax credits in the American Rescue Plan Act (ARPA) in two ways: (1) it increased the amount of the tax credit for those between 100%-400% FPL and (2) phased out the tax credits for those earning above 400% FPL. These provisions were in effect in 2021 and 2022. In August 2022, Congress passed the Inflation Reduction Act (IRA) that further extended these tax credits through the end of 2025.

Impact of Enhanced Premium Tax Credits on Race/Ethnicity

The enhanced tax credits have significantly increased health insurance coverage among historically marginalized communities. Using data from healthcare.gov, the Assistant Secretary for Planning and Evaluation (ASPE) compared enrollment data from the 2020 plan year (the last year without the enhanced ACA tax credits) to 2023 (a year with enhanced tax credits) and found that growth in Marketplace plans for historically marginalized communities increased higher than for White individuals. Growth for Black and Hispanic/Latino enrollees nearly doubled in this time frame, increasing 95% and 103% respectively.



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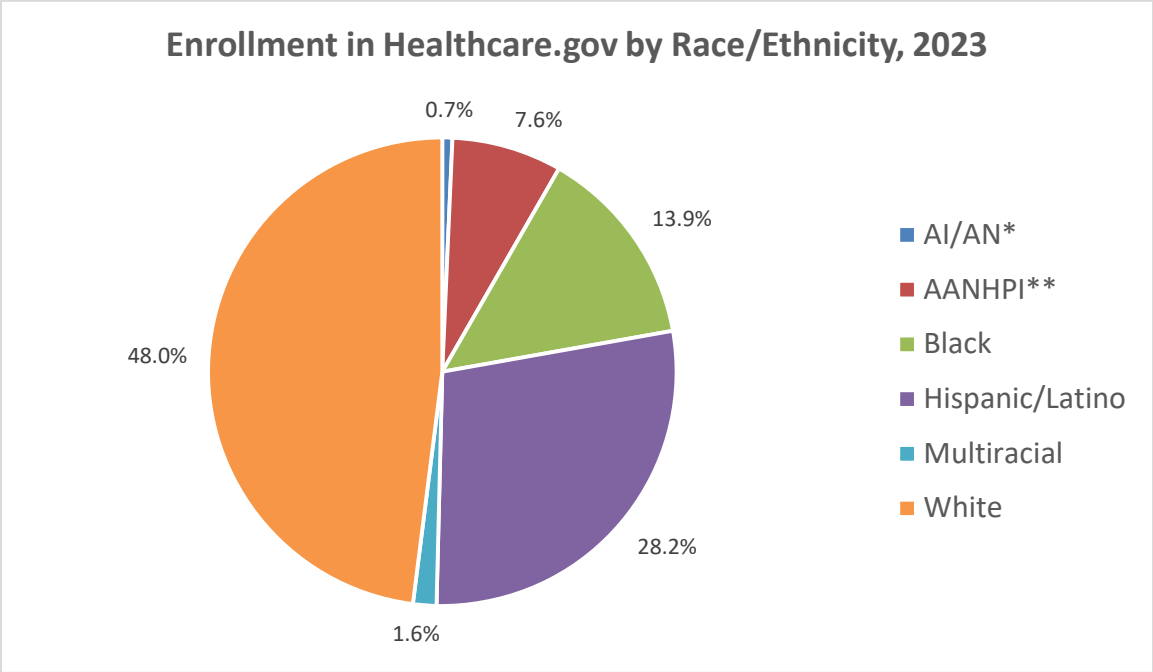
2023 was the first time historically marginalized populations made up the majority of marketplace enrollees:



The enhanced tax credits have also narrowed the uninsured rates, with the coverage gap between Black and white adults dropping from 9.9 to 5.3 percentage points, and the gap between Hispanic and white adults decreasing from 25.7 to 16.3 percentage points between 2013 and 2021. Additionally, American Indian and Alaska Native beneficiaries saw a 59% increase in enrollment from 2020, growing from 52,000 to 82,000 in 2023. These credits have played a crucial role in improving health insurance coverage rates among these communities, ensuring greater access to essential healthcare services and early cancer detection.

ACS CAN Position

ACS CAN urges Congress to extend the enhanced ACA tax credits before they expire at the end of 2025. If these enhancements are not extended, people enrolled in Marketplace plans will face higher premiums and millions could lose coverage altogether, undoing much of the progress made in recent years. If the enhanced ACA tax credits are allowed to expire, affordability could become a barrier to lifesaving cancer screening, early detection, treatment and follow up care.

More information is available at
https://www.fightcancer.org/what-we-do/health-insurance-affordability

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* AI/AN: American Indian and Alaskan Native
** AANHPI: Asian American and Native Hawaiian/Pacific Islander

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