

Health Care Tax Credits & Zero Dollar Premium Plans Help Working Families Afford Private Insurance Coverage

There is bipartisan support for action extending the health care tax credits. Congress must act to extend the tax credits before Americans see their premiums double when Open Enrollment begins November 1. As both sides work together to find a solution, ***it is critical that any deal to extend the health care tax credits protects the ability of the lowest-income Americans to purchase private insurance with zero-dollar premiums.***

Who depends on zero-dollar plans? The enrollees on zero-dollar premium plans are hardworking Americans who are barely getting by - adults making less than \$27,000 a year or a family of four making less than \$40,000 a year¹ - and still choose to enroll in private insurance.

- In addition to any premium costs, the average insured American spends over \$1,400 out of pocket on health care every year.²
- Americans on zero-dollar plans already have skin in the game: they pay copays and deductibles – just like all other insured Americans. Tacking on additional costs for monthly premiums will force struggling families to choose between purchasing health insurance and putting food on the table.
- Research consistently shows that even small premiums can cause low-income people to drop their health coverage. For many, even a few dollars a month can create financial strain or administrative hurdles—like missing a payment or navigating complex billing systems—that lead to loss of coverage.³

Why does it matter? Keeping lower income working Americans on private plans will save American taxpayers money in the long run and keep health costs low for all.

- Without access to zero-dollar premiums, many of these Americans whose wallets are already stretched thin will drop coverage entirely – driving up uncompensated care in our emergency rooms - or winding up on Medicaid – costs that are ultimately borne by the taxpayer.
- Increasing monthly premiums for some Marketplace enrollees from \$0 to \$5 was projected to drive overall Marketplace premiums up by as much as 3.7% as a result of adverse selection – healthy people dropping coverage and destabilizing the market.⁴
 - Americans aged 18-24 are the most likely demographic to be considered low-income.⁵ If healthy, young enrollees drop out of coverage, everyone's costs will go up by nearly 8%.⁶
- When Americans lack coverage, they are more likely to skip or delay health care, resulting in more severe and expensive health issues, worsening health outcomes, and increasing uncompensated care costs — harming the health of communities and further straining the health care system.⁷

Program integrity measures at work: Recently implemented program integrity measures ensure that eligibility for these tax credits will be limited to hardworking Americans making just above the poverty line who lack employer-sponsored insurance and benefit from access to quality, affordable coverage. In addition, these new rules crack down on bad actors and fraudulent brokers, in an effort to rid the marketplaces of fraud, waste and abuse. Since these measures have been in place, HHS has reported a drop in suspicious activities.⁸

The health care tax credits and zero-dollar premiums allow everyday Americans who are working hard to get by and playing by the rules to purchase private insurance for themselves and their families. Protecting these plans is critical to keeping Americans insured, preventing them from defaulting to costly government programs like Medicaid, and **keeping costs low for all families trying to build better lives for themselves and their families.**

¹ [The Crucial Role of \\$0 Premium Plans in the Affordable Care Act Marketplaces](#) | Georgetown University (October 2, 2025)

² [Out-of-pocket spending - Peterson-KFF Health System Tracker](#)

³ [The Crucial Role of \\$0 Premium Plans in the Affordable Care Act Marketplaces](#) | Georgetown University (October 2, 2025)

⁴ <https://www.wakely.com/blog/proposed-marketplace-integrity-and-affordability-rule-impact-of-premium-payment-threshold-on-aca-individual-market/>

⁵ <https://www.bls.gov/charts/usual-weekly-earnings/usual-weekly-earnings-current-quarter-by-age.htm>

⁶ [The Effects of Permanently Extending the Expansion of the Premium Tax Credit and the Costs of that Credit for Deferred Action for Childhood Arrivals Recipients](#) | Congressional Budget Office (June 24, 2024)

⁷ [Key Facts about the Uninsured Population](#) | KFF (December 18, 2024)

⁸ [CMS Update on Actions to Prevent Unauthorized Agent and Broker Marketplace Activity](#) (October 17, 2024)