pennie® connecting Pennsylvanians to health coverage®

Impact of the Enhanced Premium Tax Credits in Pennsylvania

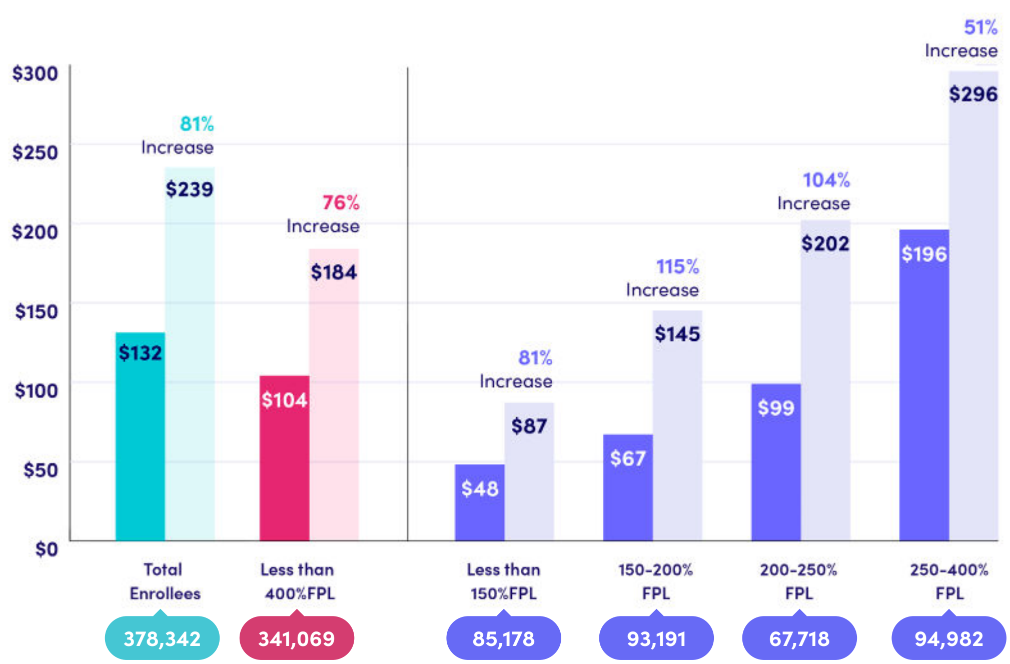
Pennsylvanians Stand to Lose $500M Annually in Federal Financial Assistance if the Enhanced Tax Credits Expire.

The enhanced premium tax credits provided under the American Rescue Plan Act of 2021 (ARPA) and extended through the Inflation Reduction Act (IRA) of 2022 are a vital source of financial assistance for Pennsylvanians enrolling in health insurance. Prior to 2021, premium tax credits (PTCs) were available to marketplace enrollees, but at significantly less generous levels. The enhanced portion of PTCs available after 2021 total over $500M annually to help Pennsylvanians afford health coverage premiums. If left to expire, we would revert to the initial premium tax credit levels, which could force many to go uninsured, limiting access to necessary medical care resulting in uncontrolled medical conditions or risk of significant medical debt.

Enrollment in private health insurance through Pennie has dramatically increased with the help of the enhanced tax credits. Since 2021, **enrollment with Pennie has increased by 29 percent, hitting record levels with nearly 435,000 individuals enrolled!** Much of these enrollment gains have come from Pennsylvania communities with higher uninsured rates, like those with lower incomes, between the ages of 55 and 64, and living in rural areas. Furthermore, **two-thirds of current Pennie customers have only experienced enrollment with the enhanced tax credits in effect**, making the communication of these tax credits no longer being available incredibly difficult.

The Harmful Financial Impact Felt at All Income Levels

Without the enhanced premium tax credits available, harmful financial impacts would be felt across all income levels. The graph below highlights the per member per month premium increase by income band. Individuals receiving financial assistance for health insurance premiums could face **average premium increases of up to 81 percent.** Consumers over 400 percent FPL, predominately those approaching Medicare, would see the **largest cost increases of $376 monthly per enrollee.**



The Disproportionate Impact to Pennsylvania's Rural Communities

While all counties in Pennsylvania would be harmed by the expiration of the enhanced tax credits, **Pennsylvania's rural counties would be disproportionately impacted.** If the enhanced tax credits expire, rural counties in Pennsylvania's central corridor would stand to lose the most dollars of federal financial assistance, leaving those consumers with decreased purchasing power. To view a comprehensive state map outlining all county level impacts, please visit this link.

Consider these Pennsylvania families...

A married couple (60 years old) living in York county making around $83,000 annually

- With the enhanced premium tax credits, their monthly premium is capped at 8.5 percent, or $586/month.
- Without the enhanced premium tax credits, their monthly premium jumps to 41 percent, or ~$2800/month.
- Expiration of the tax credits results in a 382 percent increase in this couple's net premium.

A family of four living in Philadelphia county making $75,000 annually

- With the enhanced premium tax credits, their monthly premium is 4 percent, or $250/month.
- Without the enhanced premium tax credits, their monthly premium jumps to 8.33 percent, or $521/month.
- Expiration of the tax credits results in a 108 percent increase in this family's net premium.

Now Is the Time to Act

We urge Congress to extend the enhanced premium tax credits this year to avoid disruption to Pennsylvanians' coverage – the further into 2025 that action is taken, the more disruption will be seen to marketplace coverage and premiums. Insurers begin developing health insurance premiums well before open enrollment. Proposed rates are due to the Pennsylvania Insurance Department in May each year and uncertainty on the enhanced premium tax credits will impair their ability to propose accurate rates; if they take a conservative rating approach, it could result in significant premium increases. Moreover, the estimated enrollment losses resulting from the removal of enhanced premium tax credits would reduce Pennie's funding and therefore jeopardize funding levels of the reinsurance program, along with our ability to invest in our current program and grow to meet the needs of uninsured Pennsylvanians.