

ISSUE BRIEFS / OCTOBER 16, 2025

Expiring ACA Premium Tax Credits Could Lead to Nearly 340,000 Jobs Lost Across the U.S. in 2026



▲ A corridor in the Cardiomyopathy Center at Tufts Medical Center in Boston. There are serious economic ramifications if Congress fails to extend the enhanced premium tax credits that make health plans affordable, affecting millions of people who lack employer coverage and don't qualify for Medicaid or Medicare. Photo: David L. Ryan/Boston Globe via Getty Images

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Introduction

At the end of 2025, Americans who buy their health insurance on the Affordable Care Act (ACA) marketplaces will no longer have access to enhanced premium tax credits to help defray the cost of their coverage. If Congress takes no action to extend them, nearly 5 million people are estimated to become uninsured in 2026, and insurance premium costs will soar for millions more.¹

The end of this enhanced financial assistance for low- and middle-income Americans has become a sticking point in the ongoing congressional debate over a continuing resolution (CR) to extend funding for the federal government in fiscal year 2026, which began on October 1, 2025. Democrats in Congress are seeking to extend the enhanced marketplace tax credits to prevent health insurance costs from rising and prevent people from becoming uninsured. Democrats also request the cancellation of cuts to Medicaid and other health coverage included in the tax and spending bill, H.R. 1 (also referred to as the One Big Beautiful Bill Act or the Working Families Tax Cut Act), passed in July. For their part, congressional Republicans and the White House say they want to pass a “clean” CR immediately—simply extending prior funding levels without additional conditions—but might consider negotiations to revise the ACA subsidies later in the year.²

As of mid-October, the CR and the fate of the enhanced marketplace subsidies are up in the air, as neither Republicans nor Democrats have the 60 votes needed in the Senate to pass a CR.

In this brief, we draw on recent data provided by the Urban Institute and the Congressional Budget Office (CBO) to update our analysis from earlier this year exploring the economic impact of letting the enhanced ACA marketplace tax credits expire.³ CBO estimated that it would cost the federal government \$31 billion to restore the expiring credits and make related changes.⁴

Using 2025 data on the number of people selecting ACA marketplace plans, Urban Institute researchers have estimated that the end of enhanced tax credits will lead to 7.3 million people losing their ACA coverage in 2026, of whom 4.8 million would become uninsured. The loss of the additional subsidies are projected to increase how much marketplace enrollees must pay by an average of 114 percent, from an average of \$888 to \$1,904 per year.⁵ The higher costs will exceed the budget of many Americans, forcing about 2.5 million to shift into other coverage,⁶ while nearly 5 million become uninsured. Previous research

found that those who lose their health insurance may experience prolonged periods without coverage, either because of their inability to afford it or because of the burdensome paperwork required to obtain new coverage.⁷

Economic Impact Findings

National Impact

For our updated analysis, we used the IMPLAN economic modeling system to estimate the national impact of allowing enhanced premium tax credits to expire in January.⁸ Here are the key findings:

- Federal funding for marketplace premium tax credits will decline by \$31 billion in 2026 from current levels.
- The resulting reductions in funding for health care, together with related downstream economic effects for businesses that serve health providers and their staff, will cause state economies (gross domestic products, or GDPs) to fall by about \$40.7 billion. The loss to state economies would be 31 percent greater than the amount the federal government would save from not providing the enhanced tax credits. These estimates are conservative.
- Approximately 339,100 jobs are projected to be lost in 2026, as loss of income forces health care providers and other businesses to reduce their workforces. Slightly less than half of these jobs (154,000) will be health care–related, while the rest (185,000) will be in other sectors of the economy.
- The loss of individual and business income will cause state and local tax revenues to decline by \$2.5 billion.

State-Level Impact

We also produced economic estimates for each of the 50 states and the District of Columbia, shown in Exhibit 1. Following are some highlights:

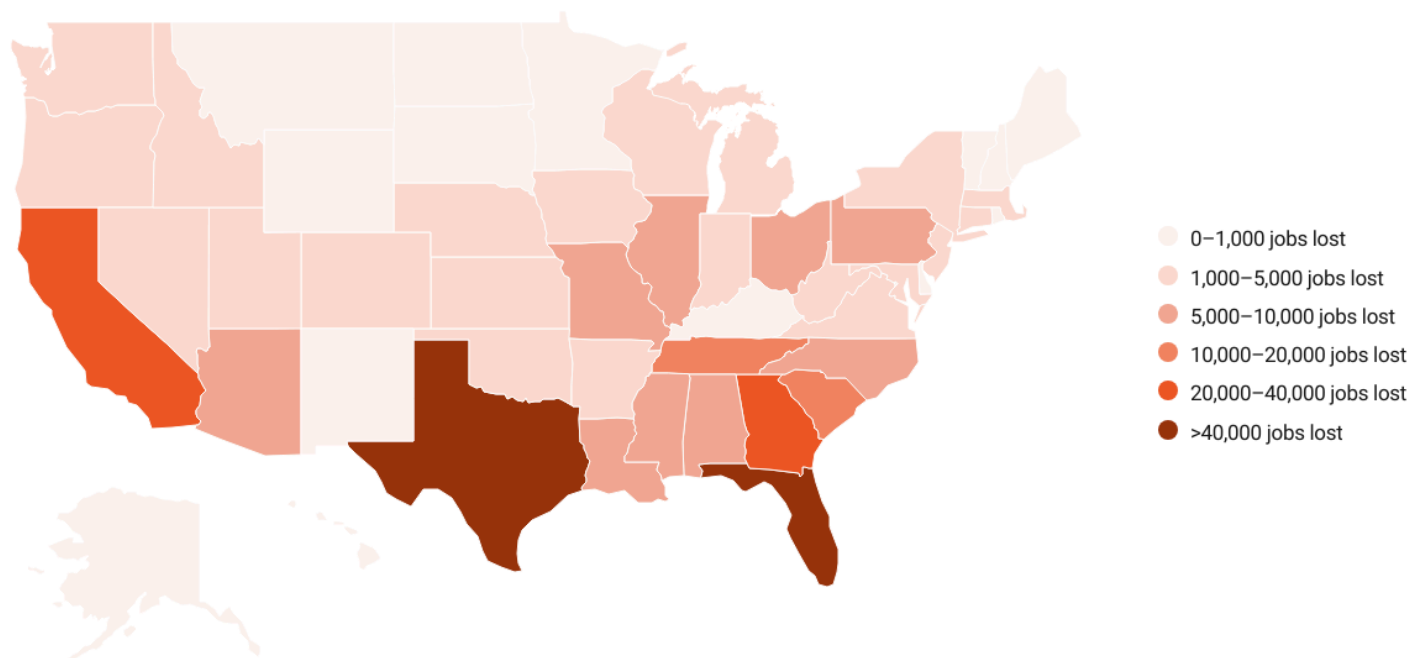
- Losses will be higher in states where more residents are enrolled in an ACA marketplace plan. The 10 states with the most projected jobs lost are:
 - Texas: 83,400

- Florida: 57,500
- Georgia: 33,600
- California: 20,300
- South Carolina: 13,100
- Tennessee: 12,300
- Alabama: 9,100
- Louisiana: 7,000
- North Carolina: 6,900
- Mississippi: 6,700.

These 10 states will collectively lose about 250,000 jobs, accounting for three-quarters of the jobs lost across the United States. Not only will employment weaken in these states, but their residents will also have to spend more of their disposable income on health insurance.

- Since seven of those 10 states (Texas, Florida, Georgia, South Carolina, Tennessee, Alabama, and Mississippi) did not expand Medicaid eligibility, their residents who would otherwise have been eligible for Medicaid often instead rely on insurance coverage through the ACA marketplaces. States that did not expand Medicaid generally have more uninsured residents, so the loss of marketplace coverage worsens their coverage gaps.
- All states will have lower GDPs, fewer jobs, and less state and local tax revenue if the enhanced marketplace financial help expires.

Number of Jobs Lost in Each State If Enhanced Premium Tax Credits Expire at the End of 2025



 Download data

Data: George Washington University analyses using IMPLAN, 2025.

Source: Leighton Ku et al., *Expiring ACA Premium Tax Credits Could Lead to Nearly 340,000 Jobs Lost Across the U.S. in 2026* (Commonwealth Fund, Oct. 2025). <https://doi.org/10.26099/dhxx-qf82>

Outlook for Extending the Tax Credits

Whether and when the enhanced subsidies expire as scheduled at the end of the year remains an open question, owing to the ongoing struggle over a continuing resolution.

While it might be technically possible to extend or modify the enhanced ACA tax credits before December 31, such delays would cause enormous problems.⁹ Open enrollment for the ACA marketplaces is required to begin nationwide this November. State and federal marketplaces are already posting information about the cost of health plans, and plans will soon inform current enrollees how much their premiums will rise in 2026. People will therefore need to make enrollment decisions very soon.¹⁰

Even if Congress extends or modifies the subsidies soon, it will take time and considerable effort for state and federal marketplaces to reprogram their computer systems to incorporate changes and inform consumers. Delays and last-minute changes will create confusion among those seeking to renew their insurance coverage or who are considering

enrolling for the first time. If Congress does not extend the enhanced tax credits by November 1, there is a strong likelihood that higher premium costs will have already driven many Americans to drop their insurance coverage. Many more might have selected a plan they didn't prefer because information about the cost of plans was incorrect.

Conclusion

Unless Congress acts quickly to extend the enhanced marketplace premium tax credits, there will be serious consequences. Nearly 5 million people could lose health insurance coverage in 2026, and millions more will have to spend more of their hard-earned money to meet their health care needs. Our analysis indicates that there could be broader economic consequences as well, including large reductions in state economies, some 340,000 people without jobs, and lower tax revenues for states and localities.

Extending the enhanced tax credits will enable people to afford the care they need. Further delays will increase the risk of major disruptions to the Affordable Care Act marketplaces that will be difficult to overcome.

How We Conducted This Study

In March 2025, we released a report about the potential economic and employment impact of allowing the enhanced Affordable Care Act marketplace tax credits to expire in 2026.¹¹ This report updates the previous one using similar methods but more recent data. More information about our methods can be found in that report or a related report.¹²

A key factor driving our estimates is the reduction in federal subsidies for marketplace coverage that could begin in 2026. We used the Urban Institute's state-level estimates of the number of people losing ACA marketplace coverage in 2026 and data about average marketplace tax credits in 2025.¹³ We then allocated these estimates to align with Congressional Budget Office estimates of the cost of extending the ACA credits and reversing other changes in 2026.¹⁴ We note that both the Urban Institute and CBO estimates principally relate to the expiring enhanced marketplace tax credits but also include some elements related to the health insurance marketplace integrity rule and marketplace provisions of H.R. 1 in 2026; however, those elements are also affected by the expiration of the enhanced tax credits. We then allocate the estimated reduction in federal funding in 2026 (\$31 billion) in reduced funding for hospitals, physicians, clinics, and pharmaceutical

products. These estimates are input into the IMPLAN economic modeling system, using the most recent 2023 data estimated for effects in 2026. To account for the interstate flow of funds, we used IMPLAN's Multi-Region Input–Output model.

The IMPLAN estimates account for the direct effect of reductions in funding for health care providers due to the loss of enhanced tax credits. Although the reduced tax credits originally affect amounts received by health insurance plans selected by marketplace enrollees, they inevitably lead to lower funding for hospitals, physicians, and clinics and pharmacies, which is captured in the IMPLAN system.

The model also accounts for indirect and induced effects that ripple through state economies. Health care providers that lose revenue must reduce how much they can spend on their staff and goods purchased from vendors, including medical supplies, technology, consulting, and capital. These vendors in turn use that revenue to pay for labor and other goods. Reductions in labor expenses mean that some jobs are lost and some staff may be paid less. Thus, staff must restrict their purchases of consumer goods like food, transportation, rent, and other needs.

These direct, indirect, and induced economic effects — sometimes called multiplier effects — produce broader economic repercussions. The combined reductions in individual and business incomes inevitably lead to lower state and local tax revenues. This means that state and local governments will have more difficulties balancing their budgets and paying for health, human service, and other government functions.

Our estimates are conservative: the actual impacts are likely to be higher. For example, we do not account for reduced productivity as millions of people with poorer access to health care become sicker. Moreover, millions of people who remain covered by an ACA marketplace plan will have to spend considerably more for their insurance, their health care, or both. This reduces their ability to purchase other goods and services, further dampening state economies.

Estimated Changes in Marketplace Enrollment, People Uninsured, and Economic and Employment Levels If the ACA Enhanced Premium Tax Credits Expire in 2026 (results for 2026, ranked by job loss)

State	Loss in marketplace enrollment (1,000s) ^a	Uninsured increase (1,000s) ^a	Federal funds loss (\$ millions)	State GDP loss (\$ millions)	Total job loss	State/Local tax loss (\$ millions)
United States (total)	-7,288	4,765	-\$31,048	-\$40,738	-339,100	-\$2,475
Texas	-1,936	1,382	-\$8,113	-\$9,819	-83,400	-\$440
Florida	-1,080	592	-\$4,944	-\$6,165	-57,500	-\$325
Georgia	-694	372	-\$3,080	-\$3,744	-33,600	-\$237
California	-420	203	-\$1,819	-\$3,164	-20,300	-\$245
South Carolina	-330	183	-\$1,337	-\$1,403	-13,100	-\$104
Tennessee	-270	203	-\$1,238	-\$1,582	-12,300	-\$91
Alabama	-198	125	-\$937	-\$968	-9,100	-\$63
Louisiana	-144	85	-\$663	-\$716	-7,000	-\$48
North Carolina	-123	36	-\$547	-\$856	-6,900	-\$56
Mississippi	-150	145	-\$669	-\$631	-6,700	-\$44
Ohio	-143	107	-\$554	-\$750	-6,200	-\$49
Arizona	-145	141	-\$514	-\$700	-5,800	-\$43
Illinois	-110	106	-\$462	-\$849	-5,800	-\$69
Missouri	-114	60	-\$498	-\$614	-5,100	-\$38
Pennsylvania	-92	74	-\$384	-\$715	-5,100	-\$49
New Jersey	-81	57	-\$343	-\$710	-4,500	-\$63
Michigan	-108	64	-\$376	-\$504	-4,400	-\$32
New York	-52	27	-\$175	-\$808	-4,300	-\$78
Oklahoma	-99	60	-\$429	-\$460	-4,300	-\$28
Indiana	-89	86	-\$295	-\$503	-3,400	-\$30
Virginia	-94	50	-\$295	-\$434	-3,400	-\$31
Kansas	-73	82	-\$328	-\$378	-3,200	-\$25
Colorado	-71	63	-\$256	-\$363	-2,900	-\$23
Wisconsin	-60	35	-\$272	-\$347	-2,900	-\$23
Arkansas	-57	40	-\$224	-\$258	-2,500	-\$17
Oregon	-57	59	-\$234	-\$297	-2,400	-\$24
West Virginia	-30	27	-\$257	-\$247	-2,300	-\$17
Washington	-57	46	-\$196	-\$338	-2,100	-\$21
Massachusetts	-48	7	-\$152	-\$343	-2,000	-\$21
Maryland	-47	32	-\$147	-\$236	-1,800	-\$19
Nevada	-29	22	-\$104	-\$149	-1,300	-\$9
Utah	-28	9	-\$100	-\$154	-1,300	-\$10
Connecticut	-14	7	-\$85	-\$164	-1,100	-\$14
Idaho	-35	15	-\$110	-\$121	-1,100	-\$8
Iowa	-27	24	-\$99	-\$127	-1,100	-\$8
Nebraska	-22	18	-\$103	-\$139	-1,100	-\$8
Kentucky	-18	13	-\$73	-\$119	-1,000	-\$9
Minnesota	-12	8	-\$34	-\$131	-900	-\$11
Wyoming	-15	18	-\$106	-\$88	-900	-\$4
Montana	-21	15	-\$89	-\$90	-800	-\$7
New Mexico	-11	9	-\$50	-\$63	-600	-\$5
South Dakota	-14	14	-\$65	-\$71	-600	-\$3
Delaware	-12	7	-\$55	-\$73	-500	-\$5
Maine	-9	8	-\$42	-\$64	-500	-\$6
Alaska	-7	7	-\$55	-\$55	-400	-\$2
New Hampshire	-14	12	-\$37	-\$56	-400	-\$3
North Dakota	-11	5	-\$41	-\$42	-400	-\$1
Rhode Island	-6	2	-\$22	-\$37	-300	-\$3
Hawaii	-3	1	-\$13	-\$25	-200	-\$3
District of Columbia ^b	-1	*	-\$4	-\$40	-200	-\$2

Vermont	-3	*	-\$22	-\$26	-200	-\$2
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 Download data

Notes: Sums in this table may not total due to rounding. Data for economic and employment estimates: George Washington University analysis using IMPLAN.

a. Data for changes in subsidized marketplace enrollment and the uninsured from Matthew Buettgens et al., [4.8 Million People Will Lose Coverage in 2026 if Enhanced Premium Tax Credits Expire](#) (Urban Institute, Sept. 2025).

b. Estimates for the District of Columbia are probably too low. Information from the DC Health Benefit Exchange Authority indicates its loss estimates are much higher than the Urban Institute's.

* Estimate for uninsured increase in D.C. and Vermont is less than 500 people.

Source: Leighton Ku et al., [Expiring ACA Premium Tax Credits Could Lead to Nearly 340,000 Jobs Lost Across the U.S. in 2026](#) (Commonwealth Fund, Oct. 2025). <https://doi.org/10.26099/dhxx-af82>

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