

ENHANCED TAX CREDIT SUNSET FACT SHEET

OVERVIEW

Premium Tax Credits, which help reduce the costs of Marketplace premiums, were expanded with the passage of the American Rescue Plan Act (ARPA) and subsequently extended by the Inflation Reduction Act (IRA). Prior to implementation, these enhanced tax credits were unavailable to households earning more than 400% of the Federal Poverty Level (FPL) and did not provide larger credits for lower-income households.

ARPA introduced two major changes: it eliminated the benefit cliff, allowing higher-income households to qualify for premium assistance if their premiums exceeded a certain percentage of their income (8.5%), and it increased credits for Individuals earning up to 400% of the FPL, including premium-free benchmark plans for Individuals with household incomes up to 150% of the FPL. While Premium Tax Credits will not be removed entirely, without Congressional action, these enhanced tax credits will expire at the end of 2025.

TIMELINE

2021

On **March 11, 2021**, ARPA was passed to increase financial assistance for Residents receiving health coverage from Marketplaces, like kynect.

2022

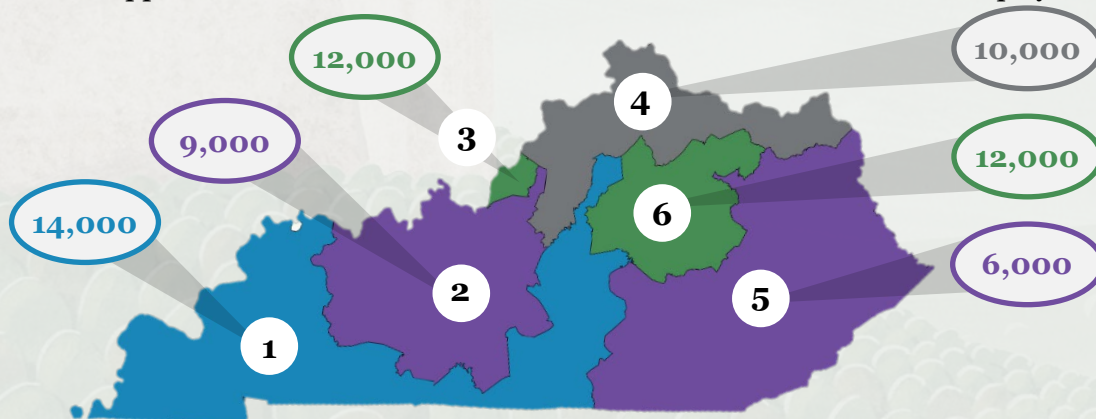
On **August 16, 2022**, the Inflation Reduction Act (IRA) was passed, extending the enhanced tax credits that were included in ARPA.

2025

On **December 31, 2025**, the enhanced ARPA tax credits are scheduled to sunset, or expire, if Congress does not renew them.

IMPACT

The Congressional map of Kentucky below illustrates that 63,000 Individuals currently receive tax credits from ARPA within Kentucky, with the approximate distribution of these Individuals across each district displayed on the graphic.



SCENARIOS

The examples below present the impact of ARPA tax credits expiring, highlighting household composition and premiums without enhanced tax credits. Utilize the [Tax Credit Calculator](#) to estimate potential increases in premium amounts.

Young Invincible

Zip Code: 40840 (Harlan)
 Household Size: 1
 Household Age(s): 25
 Household Income: \$30,000
 Current Monthly Premium: \$41
 New Monthly Premium: \$143

Family of Four

Zip Code: 40324 (Fayette)
 Household Size: 4
 Household Age(s): 45, 43, 15, 12
 Household Income: \$55,000
 Current Monthly Premium: \$38
 New Monthly Premium: \$219

Elderly Couple

Zip Code: 41502 (Pike)
 Household Size: 2
 Household Age(s): 63, 62
 Household Income: \$85,000
 Current Monthly Premium: \$556
 New Monthly Premium: \$2,167