

Shutdown Risks Leaving Millions With Costlier Health Insurance

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Millions of Americans who buy their own health insurance face higher premiums in 2026. Just how much higher will depend on who blinks first in the government-shutdown fight.

Enhanced Affordable Care Act subsidies put in place by Democrats in 2021 made health insurance basically free for many people during the height of the Covid-19 pandemic. Yet that financial cushion is set to end next year, with the tax credits resetting to their original, less-generous levels.

Democrats have refused to vote for any government funding legislation that doesn't extend the richer subsidies. Republicans, who control the House and Senate, have said any deal on the tax credits must be struck separately.

The impasse represents one of the most serious threats to the gains in health coverage created by President Barack Obama's signature health-care law since it was signed in 2010, and there are no clear signs about how it might be resolved. The standoff could put insurance out of reach for people who don't have access to a workplace plan or aren't eligible for other government health programs.

Republicans argue that the enhanced subsidies were always meant to be temporary, and that continuing them would amount to a handout to wealthy people and health insurers. A permanent extension would cost \$350 billion over 10 years, the Congressional Budget Office estimates, and boost the number of people with health insurance by 3.8 million.

More than 90% of people who buy Affordable Care Act health plans receive a subsidy to lower their premiums, according to health-research group KFF. Among them are people like Jason Piperberg, a 36-year-old freelance illustrator in Philadelphia who was diagnosed with papillary thyroid cancer in 2022. Piperberg worries that his cancer might have gone undetected if the higher subsidies hadn't existed.

Piperberg, who underwent three surgeries, relies on an Affordable Care Act plan to cover ultrasounds and blood work he still needs. Currently, his coverage costs about \$115 a month, though the state insurance marketplace warned that his premiums are likely to rise if the enhanced credits expire.

"I'm not sure if I'll be able to afford coverage, which would be very bad for me," Piperberg said. "That would put me in a pretty rough position, both for my health and financially."

Insurers are expected to send out notices about planned rate increases before the start of open enrollment on Nov. 1. Even if Congress reaches a subsidy deal, they may not be able to provide customers with precise estimates, potentially complicating financial planning for many households.

Independent estimates suggest that the jump in out-of-pocket expenses for many subsidy recipients could be substantial. A family of four making \$130,000 a year might see their monthly costs rise from \$921 a month to \$1,716 a month, according to a KFF calculator.

Vulnerable Groups

Some 4.5 million people in Florida, 3.7 million in Texas and 1.8 million in California benefit from tax credits, according to KFF [data](#). That includes small-business owners, consultants, early retirees and others with higher incomes who became eligible for help for the first time in 2021.

Congress passed the enhanced assistance as part of a pandemic-relief package and extended it through the end of 2025 in the Inflation Reduction Act. That meant people earning at least four times the poverty level — about \$63,000 for an individual or \$129,000 for a family of four — who gained subsidized ACA coverage are now at risk of losing it entirely.

Lower earners have also benefited. Andrea Deutsch, 58, owns a pet-supply shop in Narberth, Pennsylvania, and makes between \$40,000 and \$50,000 a year. The subsidy cuts her premium in half, to about \$700 a month. Deutsch, who has type 1 diabetes, says going without coverage isn't an option. If her subsidy shrinks, "I'll have to cut back wherever I can, and there's not a lot of fat on the bone," she said.

Many older working-age Americans like Deutsch are especially vulnerable to a lapse in the enhanced subsidies.

In late September, Lisa Kaczmarczyk, 64, got a notice from Covered California, the state insurance marketplace, alerting her that higher premiums were coming unless Congress prolonged the subsidies. Her total monthly premium for a Blue Shield of California plan is \$1,259, but tax credits reduce her share to \$501. The value of her tax credit is set to shrink by \$107 next year, according to the notice, and the total premium is likely to rise as well.

"They're just saying, 'Be prepared, everything's going to go way up,'" she said.

Kaczmarczyk works as a consultant for researchers seeking federal grants, a business that's been rocked by the Trump administration's cuts to science funding. Beyond her premiums, Kaczmarczyk spends thousands of dollars each year on co-pays and deductibles, and for dental and vision care that isn't covered by her insurance. She's

preparing to downgrade to a cheaper plan and delaying care until she qualifies for Medicare next year.

Losing Coverage

Millions of Americans are expected to lose their health coverage in coming years as a result of policy changes by the Trump administration. The president's tax and government spending law passed in July cuts almost \$1 trillion from Medicaid over a decade, and is expected to increase the number of people without health insurance by 10 million in 2034, according to the Congressional Budget Office.

Meanwhile, higher medical costs, including from popular weight-loss and diabetes drugs, were already expected to prompt rate increases by insurers for next year.

"Most enrollees are going to be facing a double whammy," said Matt McGough, a policy analyst at KFF. People "are going to have sticker shock when they go to sign up for a plan."

Some insurance officials fear that surging premiums could push many people to go without coverage, which could leave them on their own to handle the financial consequences of health issues and push up costs for those who remain in the market.

If lawmakers don't reach a deal before Nov. 1, "healthy folks are going to probably chance it and walk away," said North Dakota Insurance Commissioner Jon Godfread.

That would worsen the risk pool in state insurance markets, which would then drive premiums higher, according to Godfread, a Republican elected in 2016 and the current leader of the National Association of Insurance Commissioners. He says the group is unified in support of extending the tax credits and has been urging Congress to do so since last year.

"There's a small window of time here in the next couple of weeks to do something," he said.