IRS Plans to Bar Immigrants From Health Insurance Tax Credit (2)

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Summary by Bloomberg AI

- The IRS proposed rules to block undocumented immigrants from accessing the tax credit that lowers premium costs for qualified health insurances.
- The proposed rules would disallow undocumented immigrants whose income is 100% below the poverty line and are ineligible for Medicaid due to their immigration status from accessing the premium tax credit in tax years starting in 2027.
- The IRS CEO said the proposed rules protect eligible taxpayers and strengthen the integrity of the Premium Tax Credit by curbing improper claims.

The Trump administration proposed rules Wednesday to block lawfully present immigrants from accessing the tax credit that lowers premium costs for those using Affordable Care Act subsidies.

The IRS regulations (**REG-101576-26; RIN 1545-BS15**) would disallow certain immigrants whose income is 100% below the poverty line and are ineligible for Medicaid due to their immigration status from accessing the premium tax credit in tax years starting in 2027.

The proposed rules stem from provisions included in the Republicans' 2025 tax-and-spending law and marks the second batch of rules to block some immigrants from accessing certain federal tax credits.

The IRS in August **proposed restricting** undocumented immigrants from accessing the refundable part of individual tax credits, such as the earned income tax credit, the additional child tax credit, and the American opportunity tax credit.

The premium tax credit is a refundable credit that taxpayers can claim to offset costs of plans purchased on the federal Health Insurance Marketplace. Previously, lawfully present immigrants with household income less than 100% of the poverty line for the taxpayer's family size qualified for the credit.

The rules provide guidelines over how to calculate the amount of the tax credit some families can claim. It would also block plans to qualify for the credit if they don't have a process to verify the applicant's household income and eligibility for enrollment in the plan.

An estimated 1 million lawfully present immigrants are expected to lose coverage under the ACA because of the tax law's changes, according to the **Congressional Budget Office**. The provision is also expected to save $91.4 billion over the next decade.

The changes are similar to those the tax law made to Medicare and Medicaid. In total, the law is expected to eliminate coverage for 1.4 million legal immigrants, according to healthcare think tank **KFF**.
The Department of Homeland Security is also facing a **lawsuit** over a rule giving immigration officers leeway to consider immigrants' use of public benefits in evaluating green card applications.
Families USA Executive Director Anthony Wright accused the administration of causing "chaos and cruelty" when the DHS rule took effect in July.

"The rule ultimately leaves some lawfully present immigrant families with the impossible choice of gambling that accessing care won't cost them their future," he said in a statement.