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With enrollment closing, Congress debates restoring ACA subsidies and alternative approaches to address affordability

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The Buzz This Week

Lawmakers returned to Washington, DC, this week with a fast-approaching deadline: Affordable Care Act (ACA) open enrollment ends January 15, 2026, in most states. The ACA enhanced premium subsidies expired December 31, causing significant premium increases for 2026 that may put coverage out of reach for many households.

The expired enhanced subsidies put in place during the pandemic helped drive ACA enrollment growth by lowering monthly premiums and expanding eligibility for assistance. On Thursday, the US House of Representatives passed a bill to revive the expanded tax credits for 3 years. The bill is considered largely symbolic as the US Senate already rejected it, but the bipartisan passage in the House may fuel efforts to reach a compromise on a healthcare package.

Despite a flurry of activity on Capitol Hill late last year, the Senate failed to advance either the Democratic bill to extend the enhanced credits or a Republican alternative to address affordability.

In the House, Republicans advanced an alternative package at the end of 2025, the Lower Health Care Premiums for All Americans Act. Rather than a subsidy extension, this bill includes expanded access to association health plans, new requirements aimed at pharmacy benefit manager practices, and provisions tied to cost-sharing assistance. The bill will now move to the Senate for consideration. Meanwhile, House Democrats are pressing for a vote on a multi-year extension of the enhanced ACA credits.

In addition, a small bipartisan group of Senators is working on a short-term package that would restore the enhanced ACA subsidies for 2 years and extend open enrollment into March. But they're on a tight deadline and may not have the votes to close the deal before January 15.

The Centers for Medicare & Medicaid Services' (CMS) early snapshot suggests enrollment is holding up so far, despite the policy uncertainty. But state marketplace officials say affordability is shaping consumer behavior, pushing more shoppers toward lower-premium plans that come with higher deductibles and greater out-of-pocket expenses. Some states are implementing temporary fixes and extending enrollment timelines.

Adding to the pressure is the January 31 deadline for the broader 2026 government spending package. Some lawmakers have signaled they may use the looming funding deadline as leverage if the subsidy issue remains unresolved—an approach they used last fall, when the ACA subsidy debate contributed to the longest shutdown in US history.

Why It Matters

A record 24 million people enrolled in ACA Marketplace coverage for 2025, including many who are self-employed or work for small employers that don't offer health insurance. Experts largely attributed the growth in enrollment to the enhanced premium tax credits first introduced in 2021.

Without legislative action to restore the enhanced subsidies, enrollees face significantly higher costs for 2026. Premium payments are expected to more than double.

While early reports show enrollment holding for now amid the subsidy lapse, new enrollment is down, terminations are up, and more shoppers are shifting toward lower-premium bronze plans with higher deductibles and out-of-pocket costs.

If Congress doesn't pass a clean extension of the subsidies, alternative proposals under discussion could push more consumers toward lower-premium options, such as bronze or catastrophic plans. Consumers could also rely more heavily on tax-advantaged savings approaches like health savings accounts (HSAs) and plans with higher deductibles and more out-of-pocket exposure.

For providers, the downstream impact could be immediate. One estimate suggests providers could lose more than \$32 billion in revenue this year if enhanced subsidies are not restored, reflecting both coverage losses and reduced spending on services.

Health systems expect an increase in uncompensated care as more patients delay coverage but still seek care (often through emergency departments), shifting volume to high-cost settings. The strain is expected to hit harder in states that did not expand Medicaid, where coverage levels are lower and the safety net is already thin.

Health insurers are also bracing for impact. Payers have already locked in higher premiums for 2026 in anticipation of the subsidy lapse and are preparing for potential enrollment losses as affordability pressures mount.

The political implications are significant as well. A recent KFF Marketplace survey found that a majority of enrolled voters say a \$1,000 increase in healthcare expenses would have a major impact on both their turnout and choice of party in the 2026 elections, underscoring how healthcare affordability could further shape political dynamics this year.

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