Millions of Americans lose health insurance as COVID-19 era subsidies end

With the spike in Affordable Care Act health insurance costs, around 4·8 million people could lose coverage. Susan Jaffe reports from Washington, DC.

Because John Francis has subsidised health coverage from the Affordable Care Act (ACA) insurance marketplace, he was able to retire from his lift installation company. Without it, the 63-year-old from Ohio would have had to wait 2 years before qualifying for Medicare, which covers older adults and younger people with disabilities. But on Jan 1, 2026 he and millions of other Americans began losing that subsidy.

Going without health insurance is too risky, he said. "I have a family, and I would never want them to feel compelled to take care of me. I know health care bills can ruin families." However, many people he knows are "struggling to pay for health care and they're simply not getting it".

His subsidy was more generous than the one created when Congress passed the law in 2010. In 2021, in response to the COVID-19 pandemic, Congress expanded eligibility for financial assistance. Enrolment in marketplace plans grew to 24 million last year, and the percentage of Americans without health insurance dropped to a record low. But generosity came with an expiration date: Dec 31, 2025.

About 92% of people with marketplace coverage—22 million people—had one of two types of government assistance. The share of the cost that the original premium subsidy covers is limited a certain percentage of annual income, for those with annual incomes up to 400% of the federal poverty level (about $62 000 for an individual or $128 000 for a family of four). A 2021 law created an enhanced subsidy for beneficiaries with incomes above that limit, which capped the share to no more than 8·5% of their income. Francis's subsidy reduced his December $861·42 premium to $448·42. His January bill of $1051·74 was higher because the subsidy was gone and his insurer increased the monthly premium by $190.

With smaller subsidies, insurers anticipate that healthy people will be less likely to purchase more expensive coverage because they think they will not need it. "But sicker people who really need insurance are going to stay even though the price is going up", said Jason Levitis, a senior fellow at the Urban Institute. "The end result is that insurance companies actually raise their premiums more when you reduce the subsidies, and that's what's happened this year."

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These enhanced subsidies were available only to individuals with no other access to health insurance, a point the American Medical Association and 47 other physician groups argued in a letter to congressional leaders last September. "Allowing them to expire would… increase the uninsured rate and raise uncompensated care costs for hospitals and physician practices nationwide." Hospital associations and other provider organisations also urged Congress to extend the enhanced subsidies.

As part of last year's deal to end the longest government shutdown in US history, Republican congressional leaders agreed to allow members an opportunity to vote on legislation extending subsidies for beneficiaries in health insurance plans created under the ACA, President Barack Obama's landmark health-care reform law. On Jan 8, 17 Republicans joined all the Democrats in the House of Representatives to approve a 3-year extension, in defiance of the chamber's Republican leadership. But the extension did not take effect after similar legislation stalled in the Senate just days before most states' Jan 15 enrolment deadline for 2026 coverage.

"COVID is over, and these subsidies should be over with it", Representative Aaron Bean, a Florida Republican, said before the House of Representatives voted on an extension. Opponents also called the enhanced subsidies taxpayer handouts that did little to reduce overall health-care costs.

On the same day as the enrolment deadline, President Donald Trump unveiled his two-page Great Healthcare Plan. It lacks many details and does not call for extending the premium subsidies. Instead, it "stops sending big insurance companies billions in extra taxpayer-funded subsidy payments and instead send that money directly to eligible Americans to allow them to buy the health insurance of their choice".

According to preliminary estimates, about 4·8 million of the 24 million people with marketplace coverage in 2025 are expected to lose it. They include individuals who get their premium bill and then realise they cannot afford to pay it. Some beneficiaries might have enrolled in the hope that Congress would agree at the last minute to extend the subsidies. Others might have let

For more on the **Great Healthcare Plan** see https://www.whitehouse.gov/greathealthcare/

For data from the **Centers for Medicare & Medicaid Services** see https://www.cms.gov/newsroom/fact-sheets/marketplace-2026-open-enrollment-period-report-national-snapshot-2

For more on **the health impacts of health insurance coverage** see https://aspe.hhs.gov/reports/improving-access-affordable-equitable-health-coverage

their coverage automatically renew without knowing how much their new premium will cost, said Emma Wager, a senior policy analyst for the Program on the ACA at KFF, a health policy research non-profit. Whatever the reason, Wager said that if they do not pay within 90 days of enrolling, their policy will be cancelled.

According to a KFF poll last December, nearly 70% of respondents intending to enrol in 2026 marketplace insurance said they were likely or somewhat likely to downgrade their coverage if they lost the subsidy. They would choose a plan that had low premiums and high deductible and less comprehensive coverage. "So, even the people who may stay in the marketplace may have insurance that doesn't kick in until they reach their deductible", said Wager. The lowest-cost marketplace plan requires beneficiaries to spend about $7100 before coverage begins. A deductible of that size "is akin to not having insurance at all".

Levitis estimates that 7 million people will lose ACA coverage in 2026, but about 2·5 million will get health insurance elsewhere. Most Americans get it through their employers. Some people might even intentionally reduce their income in order to qualify for Medicaid.

Of the 24 million Americans enrolled in marketplace plans in 2025, 82%, or 19·6 million, had selected plans for 2026 by the end of January, according to data released on Jan 28 by the US Centers for Medicare & Medicaid Services, which oversees the marketplace programme. Another 3·4 million people chose plans for 2026 for the first time, How many of them will pay their premium bills and stay enrolled is not yet known. The Centers for Medicare & Medicaid Services is expected to release data in the summer on the number of people who have enrolled and paid premiums.

Cuts in both Medicaid and marketplace subsidies will increase the number of uninsured and underinsured patients, with consequences especially for hospitals, said Sabrina Corlette, a research professor at the Center on Health Insurance Reforms at Georgetown University. "We may see shifts from primary care and care management to more urgent and emergency care, just because people can't afford the former", she said.

However, federal law requires hospital emergency rooms to treat people regardless of their ability to pay. As hospitals experience an increase in uncompensated care, the financial strain could force them to make difficult decisions. "They might close some service lines, lay off staff" or eventually even close, Corlette said.

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Numerous studies have underscored the health benefits for people who have health insurance, including improved access to health care, leading to reduced morbidity and mortality. Research has also shown that health insurance reduces the burden of medical debt, personal bankruptcies, and evictions.

Unlike the federal government, states have to balance their budgets and cannot spend more than they can afford in a single year. If expenses exceed revenue, they have two unpopular options: raise taxes or cut services. The ability of states to offset the costs for people losing ACA subsidies is also limited by other financial burdens states face following enactment in 2025 of President Trump's budget reconciliation law (also known as the One Big Beautiful Bill Act), which reduced federal assistance for the supplemental nutrition assistance programme known as food stamps and Medicaid, among other programmes.

The Congressional Budget Office estimated that the law would cut $911 billion over a decade for the federal Medicaid programme, which provides health insurance to people with low incomes. It also found that the funding cut would result in about 10 million people losing Medicaid health insurance by 2034, after accounting for the effect of new work requirements for Medicaid for some healthy adults, limits on how much states can tax health-care providers, and other changes.

On Jan 20, Vermont Senator Bernie Sanders offered an amendment to this year's budget that would have rescinded $75 billion in funding for the US Immigration and Customs Enforcement and transferred it to Medicaid. Every Democrat and two Republicans provided 49 votes in support of the legislation while 51 Republicans opposed the measure, but it needed 60 to pass.

"The federal government shifted a lot of costs onto states, and state budgets are hurting", said Levitis. However, a handful of states, all headed by Democratic governors, are offering limited subsidies to some people who cannot afford to purchase health insurance from the marketplace. Maryland will fully replace the subsidies for people with incomes under 200% of the federal poverty level. California, Connecticut, Colorado, and Massachusetts, are also providing limited premium assistance for 2026. So far, only New Mexico is fully replacing the lost subsidies for all its marketplace enrollees.

In the spring, insurers will be deciding whether it is financially feasible to offer marketplace coverage for 2027. For people with no other access to health insurance, Corlette said the marketplace has become "a safety net for anyone thinking about starting a small business, shifting careers, or taking some time off to be a caregiver, and it is facing an uncertain future".

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