

# Chairmen Arrington, Smith Request Budgetary Analysis of Biden Plan to Permanently Expand Obamacare Subsidies for the Wealthy

WASHINGTON, D.C. – Today, House Budget Committee Chairman Jodey Arrington (R-TX) and House Ways and Means Committee Chairman Jason Smith (R-MO) sent a [letter](#) to Congressional Budget Office (CBO) Director Phillip Swagel and Joint Committee on Taxation (JCT) Chief of Staff Thomas Barthold requesting a comprehensive analysis of the budgetary effects of making permanent the enhanced Obamacare subsidies – as called for in President Biden’s budget – which have gone to some of the nation’s highest earners, **including those making as much as \$599,000 a year**. In the letter, Chairman Arrington and Chairman Smith express concerns about the growing cost of taxpayer-funded premium tax credits – including the impact they have had on driving up the cost of insurance for all Americans.

## THE LETTER READS IN PART:

*“The ACA premium tax credit expansion needlessly **spent well over \$100 billion of tax dollars** for a minimal reduction in the number of uninsured.*

*It is particularly concerning that, by removing the income eligibility limit, some of our **nation’s highest earners** are now eligible for government assistance. In certain areas of the country, **a family making as much as \$599,000 in 2023 could qualify for taxpayer-funded subsidies.***

*Particularly concerning to both consumers and taxpayers, the expanded ACA premium tax credits have had **an inflationary effect on health insurance premiums** by providing insurers increased pricing power, as the cost of tax credits grow dollar for dollar with benchmark premiums.*

*Now, to continue papering over these rising costs, President Biden and Congressional Democrats are calling for a permanent expansion of the enhanced ACA premium tax*



*credits – writing even bigger checks to insurance companies instead of addressing the true cost of care.*

*The President's Fiscal Year 2025 Budget Request included a policy proposal to permanently extend the expanded ACA premium tax credit subsidies, **at an estimated net cost of \$383 billion** over the budget window, including increased net interest outlays, according to CBO."*

The letter requests CBO and JCT to provide an analysis on the budgetary effects of making permanent the expanded Obamacare subsidies. Specifically, the letter requests CBO and JCT provide an analysis on the following:

- The budgetary effects on outlays, revenues, and the deficit for each fiscal year in the ten-year budget window, as well as the cumulative five and ten-year estimates;
- The change in Americans' sources of health coverage, including the number of individuals who would no longer have employer-sponsored insurance over the ten-year window;
- The percentage of the new Affordable Care Act premium tax credit spending, if the policy was made permanent, that would go to households with incomes above 400 percent of the federal poverty level for coverage years beginning January 1, 2025 and ending January 1, 2035; and
- The average value of the premium tax credits for new marketplace enrollees under the policy and the average tax benefit of the employer-sponsored insurance tax exclusion for a person projected to no longer enroll in employment-based coverage under the policy.

## BACKGROUND

The American Rescue Plan Act (ARPA) (P.L. 117-2) **spent an estimated \$34 billion** to temporarily increase the amount of the premium tax credit subsidies for plans purchased through the Affordable Care Act (ACA), while also removing the 400 percent of federal poverty level income limit on eligibility for government assistance through Calendar Year 2022.



Subsequently, the so-called “Inflation Reduction Act” (P.L. 117-169) **spent an estimated \$64 billion to extend the expanded ACA subsidies through Calendar Year 2025.**

By removing the income eligibility limit, **families with household incomes up to \$599,000 became eligible for taxpayer-funded subsidies.**

