

# If healthcare tax credits expire, Vermonters face the biggest losses in the U.S.

One of the main issues at stake in the federal government shutdown was the expiration of enhanced healthcare premium tax credits, which help people buy insurance through the state marketplace. If Congress does nothing, the credits will expire at the end of 2025, and millions of Americans will see large increases in the cost of their healthcare.

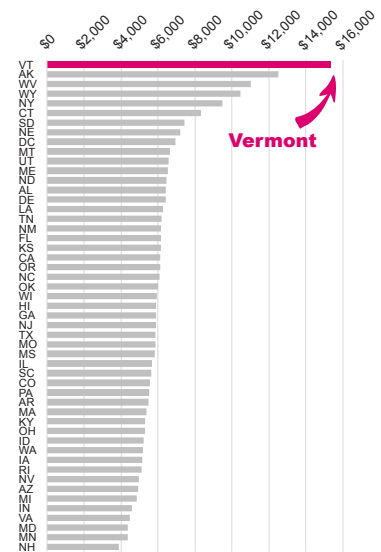
Over 30,000 Vermonters get health coverage through the state exchange. And because Vermont has the highest premiums in the country, Vermonters no longer qualifying for the credits will see the biggest increases. Middle-income participants are looking at an additional \$10,000 a year for an individual and \$32,000 for a family of four.

## How the credits work

Vermont's health insurance marketplace launched in 2014 as part of the Affordable Care Act of 2010 (ACA). The goal was to provide access to affordable health insurance to consumers who can't get it through work or public programs. The ACA requires every state to operate an exchange with multiple [qualified health plans](#) and helps cover the cost of the premiums.

Taxpayers on the exchange receive federal premium tax credits (PTCs) based on the cost of the benchmark silver plan and reduced by a percent of their income (see table). Recipients pay

**Vermont healthcare premiums are the nation's highest** Annual second-lowest silver plan cost, for a 40-year-old, by state, 2025



Data source: KFF  
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## Healthcare premiums will increase for many, but some affordable options remain

Vermont is one of 20 states where some gold plans are cheaper than silver plans in 2026. While the cost of the benchmark silver plan is cited here because it's used to calculate the value of the federal credits, not all consumers will see an increase in premiums if enhanced credits expire. Vermonters under 300 percent of poverty may still have access to cost-free or low-cost plans, although those plans may have higher deductibles and higher out-of-pocket costs.

Vermonters between 300-400 percent of poverty will pay more in premiums for gold and silver plans than they would if the enhanced credits remained in place. And Vermonters above 400 percent of poverty will see some of the biggest jumps in the country, because Vermont has the highest premiums in the country for gold, silver, and bronze plans and this group will no longer receive any premium assistance.

To find coverage or ask questions about available options, please visit [Vermont Health Connect](#) or contact the [Office of Healthcare Advocate](#).

any additional costs. If their plan's premium is below the value of their credit, they pay nothing. The 2021 American Rescue Plan Act—enacted to help people weather the financial insecurity of the pandemic—[enhanced the PTCs for 2021 and 2022](#) by providing larger subsidies to eligible households and expanding the number of households eligible. The Inflation Reduction Act of 2022 then extended the enhanced benefits through 2025.

The enhanced credits cover the full cost of the benchmark silver premium for those earning less than 150 percent of the federal poverty level. They decrease the cost for those between 150 and 400 percent of poverty and expand assistance to people with incomes over 400 percent of poverty.

Vermont is one of a handful of states that provide [additional assistance](#) with the cost of premiums, targeted at those under 300 percent of the federal poverty level. It also provides [assistance](#) to lower out-of-pocket costs for services.

### Who gets them, and how much

In 2025, over 30,000 Vermonters on the exchange received an estimated total of \$350 million to help cover the cost of care. Most of these funds come from federal tax credits, including

#### Over 30,000 Vermonters get coverage on the exchange

Vermonters qualifying for premium assistance, by poverty level, Jan. 2025

Federal poverty level (FPL)	Vermonters on the exchange
under 200% FPL	8,612
200-300%	9,700
300-400%	5,561
over 400% FPL	6,440
<b>TOTAL</b>	<b>30,313</b>

Data source: Vermont Department of Health Access  
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at least [\\$65 million](#) from the enhanced credits. Vermont provides just under 2 percent of the assistance (\$6.2 million). Participants range across income and age; a third are between 55 to 64 years old.

Over 90 percent of exchange participants qualify for federal subsidies, and about a third receive the additional state support. The average federal credit for Vermonters is \$11,400. That's a big increase over 2015, before the enhanced credits took

effect. Then, 22,500 Vermont recipients received an average credit of \$3,300. Much of the increase occurred in 2024

### Credits limit premiums to a percentage of income

Maximum share of income paid for qualifying healthcare premiums after tax credits, by income and family type, 2026

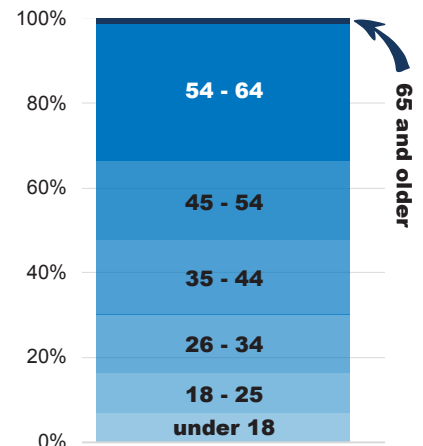
Federal poverty level (FPL) and income for individual / family of four	Base PTC	Enhanced PTC
<133% FPL up to \$20,815 / \$42,760	2.10%	0%
133% to <150% FPL \$20,815-\$23,475 / \$42,760-\$48,225	3.14-4.19%	0%
150% to <200% FPL \$23,475-\$31,300 / \$48,225-\$64,300	4.19-6.60%	0 - 2%
200% to <250% FPL \$31,300-\$39,125 / \$64,300-\$80,375	6.60-8.44%	2-4%
250% to <300% FPL \$39,125-\$46,950 / \$80,375-\$96,450	8.44%-9.96%	4-6%
300% to 400% FPL \$46,950-\$62,600 / \$96,450-\$128,600	9.96%	6-8.50%
More than 400% FPL >\$62,600 / >\$128,600	Does not qualify	8.50%

Note: The state of Vermont provides additional premium assistance to those under 300% of poverty, reducing the share of income paid by 1.5 percentage points.

Data sources: Vermont Department of Health Access and Department of Health and Human Services  
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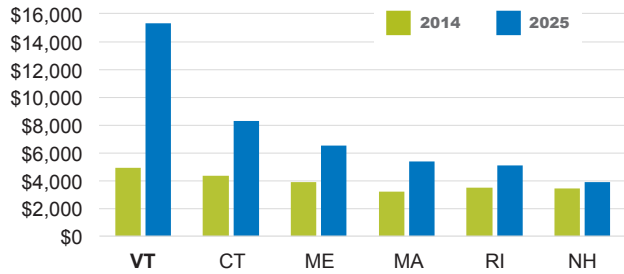
#### Many older Vermonters rely on the exchange for healthcare

Healthcare exchange participants by age, Vermont, 2025



Data source: Vermont Department of Health Access  
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**Since the state exchanges launched, Vermont's premium costs have outpaced the rest of New England** Annual second-lowest silver plan cost, for a 40-year-old, by state, 2014 and 2025



Data source: KFF  
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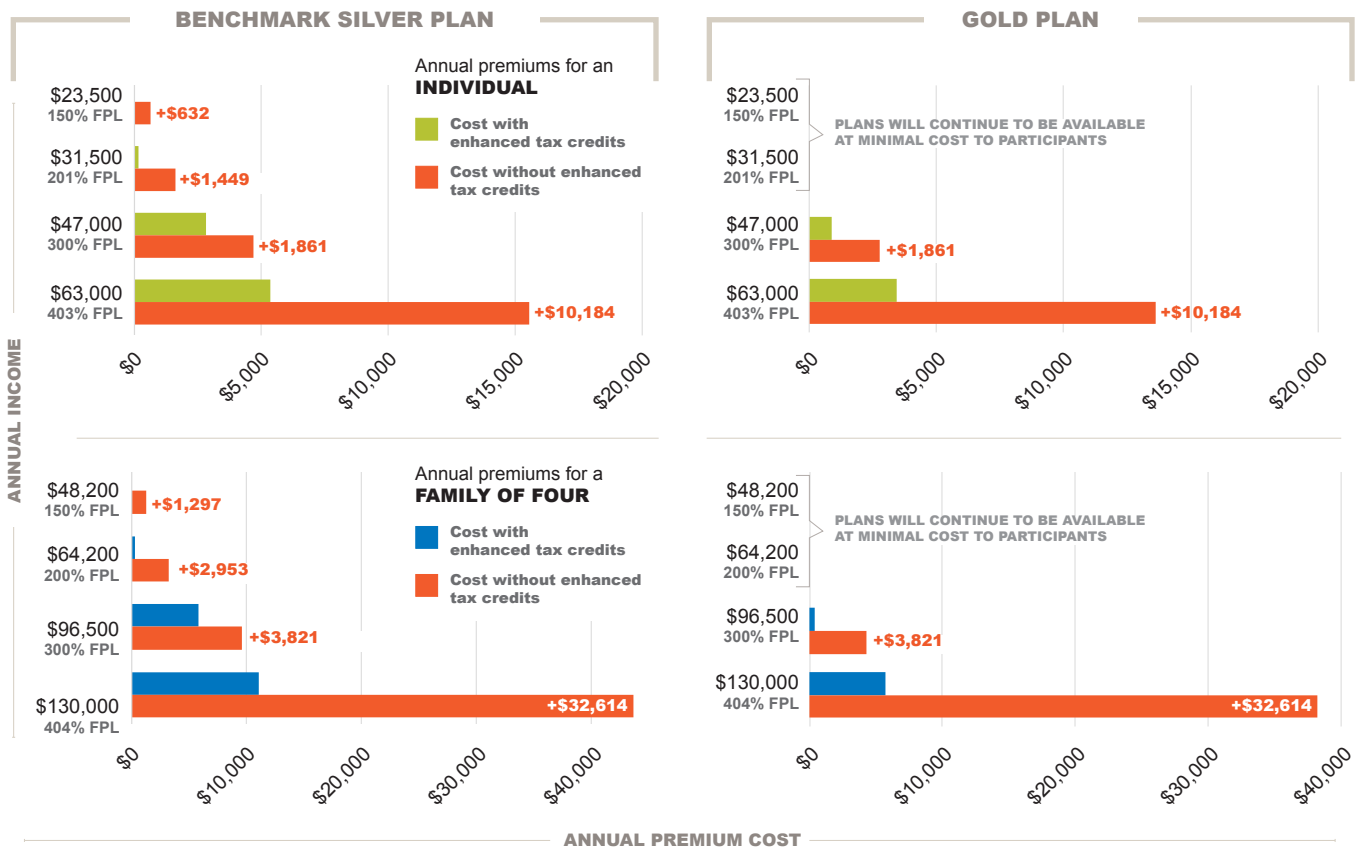
and 2025, after the temporary pandemic expansion of Medicaid ended.

**What losing the credits means for Vermonters**

Many Vermonters receiving credits will pay more for healthcare if the enhanced credits expire. Those with incomes under 400 percent of poverty would pay between .5 percent and 4.6 percent more of their income for the benchmark plan, after accounting for state assistance. Middle-income Vermonters, earning more than 400 percent of poverty, would no longer receive

assistance. They would pay the full cost of their premiums if they continue to buy healthcare on the exchange.

**Healthcare premiums will triple for some if the credits expire, but low-income Vermonters can still find plans with low premiums** Annual premium cost of benchmark silver and lowest-cost gold plans, by select income level and family type, Vermont, 2026



Data sources: Vermont Department of Health Access and Department of Health and Human Services  
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Because Vermont has the highest premiums in the country and some of the fastest growth in costs in recent years, Vermonters will be hit particularly hard. An individual making \$63,000 would pay \$15,000 a year for the benchmark plan—nearly a quarter of their income. A family of four at the same poverty level could see an increase of over \$30,000 a year.

## **Conclusion**

While the enhanced credits do not expire until the end of the year, the enrollment period for 2026 began on Nov. 1. Vermonters looking to enroll will be facing serious sticker shock. In the absence of federal action, many states are considering how to fill the gap and ensure healthcare access for their residents. With the highest hikes in the country, Vermont must take action to ensure access to care and to bring down its cost.

Without action, many Vermonters will be priced out of healthcare on January 1, 2026.

*Note: This report was revised on November 26, 2025. The original version of this report focused on the impact of the expiration of the credits on the cost of the benchmark silver plan, because that is how the federal credits are calculated. The report has been updated to include information about plans available to Vermonters for less than the benchmark silver plan and to clarify how the credits are calculated and applied.*