The Impact on Health Insurance Affordability for Maine Households If Enhanced Tax Credits Expire

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ABSTRACT

The Patient Protection and Affordable Care Act established premium tax credits to help eligible households lower their payments for qualified health plans offered through the health insurance exchanges. In 2021, Congress increased and expanded eligibility for these tax credits; however, without Congressional action, the enhanced tax credits will expire at the end of 2025. Using recent open enrollment data from Maine, this study examines the impact on Maine consumers if these enhanced tax credits expire. Without enhanced tax credits, average monthly premiums would have increased by $165 (59 percent) across Maine households in 2025. The impact is most pronounced among households in isolated rural areas where average monthly premiums would have increased by $175 per month (63 percent) without enhanced tax credits in 2025. Marketplace consumers in isolated rural areas may be especially vulnerable to higher premium costs given the aging demographic profile and relatively high rates of self-employment in fishing and lobstering in these communities.

INTRODUCTION

The Patient Protection and Affordable Care Act established premium tax credits (PTCs) to help eligible households lower their payments for qualified health plans offered through the health insurance exchanges, including Maine's state-based marketplace (CoverME.gov). Under the American Rescue Plan Act (ARPA), and subsequently through the Inflation Reduction Act, PTC eligibility and amounts were expanded, further reducing premium costs for Marketplace consumers. Without Congressional action, the enhanced subsidies established through ARPA will expire at the end of 2025, and a lower subsidy schedule will take effect beginning in 2026. This analysis uses data on enrollment, plan selection, and plan cost information from the 2025 open enrollment period in Maine to estimate the impact of allowing enhanced PTCs to expire.

Our research question and empirical approach closely resemble that featured in the recently published *Health Affairs Forefront* article that examines the impact of allowing enhanced tax credits to expire on Marketplace consumers in California (Altman 2025). By focusing on Maine, our analysis both provides additional evidence of the impact of enhanced tax credits on consumer costs and highlights the implications of allowing these subsidies to expire in a state with a large rural population. Given the current strains on rural healthcare systems in Maine and across the country, our findings have important implications for both consumers residing in these areas and providers that serve these communities.

STUDY DATA AND METHODS

This analysis uses 2025 open enrollment data from the Maine Office of the Health Insurance Marketplace to assess the impact of enhanced PTCs on Maine consumers. These data contain demographic, geographic, plan selection, and plan cost information for all individuals in Maine who enrolled in a Marketplace plan during the 2025 open enrollment period (November 1, 2024, through January 15, 2025). We link several external data files to the 2025 open enrollment data, including county-level information on 2025 Marketplace plan offerings and costs, zip code–level information on the prevalence of employment in key industries in Maine, and Rural-Urban Commuting Area (RUCA) codes from the United States Department of Agriculture, which classify zip codes based on population density and commuting patterns.

Our approach consists of two steps. First, using subsidy schedules in statute and standard formulas for calculating household PTCs as described in the Technical Appendix, we calculate what Maine consumers' tax credits would have been in the absence of enhanced PTCs. Second, we apply the calculated lower tax credit amounts to Maine consumers' 2025 plan selections to assess what net premiums would have been without enhanced PTCs.

Because both tax credits and premiums are determined at the household-level, we conduct our analysis across 2025 open enrollment households in Maine. Our analysis includes households that chose to receive the tax credits in advanceable form, (which lowers monthly premiums), and households that did not (and who will presumably claim the credit amount when filing taxes). We convert both the current (enhanced) and counterfactual (lower) tax credits into advanceable monthly figures to show the impact of enhanced PTCs on monthly premium costs.

In addition to examining the impact of enhanced tax credits across Maine households with Marketplace coverage, we also look at geographic residence, with a focus on Maine's large rural population. Using zip code RUCA designations, we first assign Marketplace consumers into metro and rural areas using a rural classification method for New England states. Under this approach, metro areas of the state are centered around Maine's most populous cities, including Portland, Lewiston, and Bangor. To account for differences in the effects of enhanced PTCs across rural communities, we then further group Maine consumers in rural areas into those from large rural areas, small rural areas, and isolated rural areas. While Maine zip codes classified as large rural areas usually surround metro areas and residents often commute to the state's most populous cities, zip codes classified as isolated rural areas are in more remote regions, far from metropolitan hubs. Maine counties with high proportions of individuals in isolated rural areas include Franklin County, Piscataquis County, and Washington County. Zip codes classified as small rural areas are also generally not near Maine's most populous cities and have a lower population density; however, small rural areas, such as Calais, Caribou, and Houlton, have relatively larger populations than isolated rural areas or some residents who commute to small cities. Additional information on the rural classification approach, as well as a map of metro and rural areas of Maine, is presented in the Technical Appendix.[1]

RESULTS

Over 64,000 Mainers enrolled in a Marketplace plan during the 2025 open enrollment period, corresponding to 44,369 households (Table 1). Across metro

TABLE 1: **Characteristics of 2025 Open Enrollment Consumers and Households in Maine**

	All	Metro areas	Rural areas			
			All rural	Large rural	Small rural	Isolated rural
A. Total population	1,362,217	466,824	895,393	489,507	190,442	215,444
Percentage (%)	100.00	34.27	65.73	35.93	13.98	15.82
B. 2025 Marketplace open enrollment						
Households (N)	44,369	15,076	29,293	14,148	6,160	8,985
Percentage (%)	100.00	33.98	66.02	31.89	13.88	20.25
Individuals (N)	64,678	21,497	43,181	20,855	8,899	13,427
Percentage (%)	100.00	33.24	66.76	32.24	13.76	20.76
Enrolled Individuals per household	1.5	1.4	1.5	1.5	1.4	1.5
Enrollment as a share of total population (%)	4.75	4.60	4.82	4.26	4.67	6.23
2025 Marketplace coverage household characteristics						
Average monthly income ($)	4,503	4,462	4,522	4,526	4,440	4,571
Average federal poverty level (%)	284	288	282	283	279	282
Older household member (60+) enrollee (%)	28.23	23.45	30.69	30.05	29.82	32.29
Household in fishing/lobstering community (%)	3.20	<1	4.73	<1	1.20	14.26

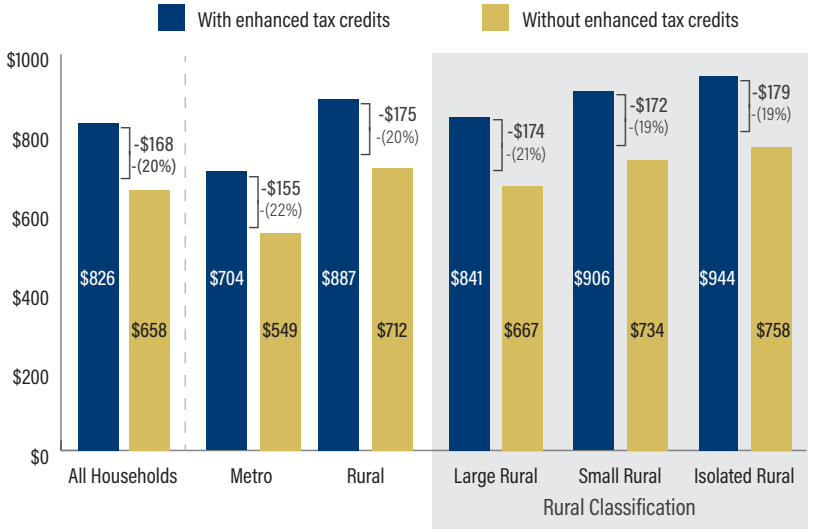
Notes: Total population based on 2020 5-digit zip code tabulation areas (ZCTA) from the United States Census Bureau.
Sources: Maine Bureau of Insurance, Maine Office of the Health Insurance Marketplace, Office of the Assistant Secretary for Planning and Evaluation, U.S. Census Bureau, and U.S. Department of Agriculture.

and rural areas, the geographic distribution of consumers with Marketplace coverage largely resembles that of Maine's general population. However, a relatively higher share of consumers with Marketplace coverage are in isolated rural areas, so rates of Marketplace enrollment in isolated rural areas are higher than the statewide rate.

Households with Marketplace coverage in rural areas differ from those in metro areas in several economic and demographic dimensions (Table 1). First, although households in rural areas have relatively higher average incomes, rural households have lower average federal poverty levels, stemming from slightly larger average household sizes. Second, relative to metro households, rural households with Marketplace coverage are more likely to have an enrollee aged 60 and over. Third, rural households are more likely to be in areas with high rates of employment in the fishing and lobstering industries. Within Maine's rural regions, households with Marketplace coverage in isolated rural areas are more likely to have an older household member and to be in communities with high rates of fishing and lobstering employment than those in the large or small rural areas.

Without enhanced PTCs, average monthly tax credits would have declined by $168 among 2025 Marketplace consumers in Maine, a 20 percent decrease (Figure 1). Relative to their metro counterparts, households in rural areas would have experienced a larger reduction in the dollar amount of their tax credits without enhanced PTCs. The impact of lower tax credits flows almost directly through to average monthly net premiums; without enhanced PTCs, average household net premiums would have increased by 59 percent, from $280 to $445 (Figure 2).[2] The increase in average net

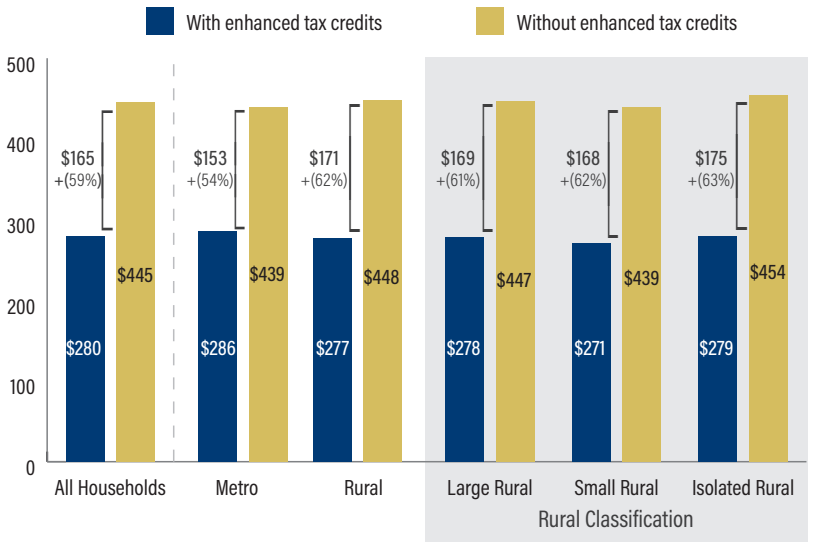
FIGURE 1: **Maine Households' Monthly Tax Credits with and without Enhanced Tax Credits**



Notes: Figure presents average monthly maximum eligible tax credits with and without enhanced tax credits corresponding to 2025 open enrollment Marketplace consumers in Maine. Analysis conducted at the household-level.

Sources: Maine Bureau of Insurance, Maine Office of the Health Insurance Marketplace, Office of the Assistant Secretary for Planning and Evaluation, and U.S. Department of Agriculture.

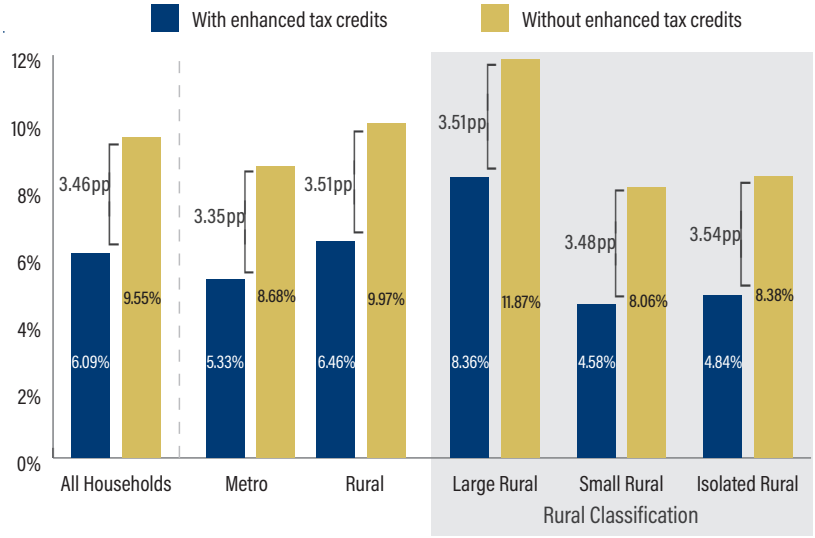
FIGURE 2: **Maine Households' Monthly Net Premiums with and without Enhanced Tax Credits**



Notes: Figure presents average monthly net premiums with and without enhanced tax credits corresponding to 2025 open enrollment Marketplace consumers in Maine. Analysis conducted at the household-level.

Sources: Maine Bureau of Insurance, Maine Office of the Health Insurance Marketplace, Office of the Assistant Secretary for Planning and Evaluation, and U.S. Department of Agriculture.

FIGURE 3: **Maine Households' Net Premiums as Percentage of Income with and without Enhanced Tax Credits**



Notes: Figure presents average net premiums as a share of household income with and without enhanced tax credits corresponding to 2025 open enrollment Marketplace consumers in Maine. Analysis conducted at the household-level.

Sources: Maine Bureau of Insurance, Maine Office of the Health Insurance Marketplace, Office of the Assistant Secretary for Planning and Evaluation, and U.S. Department of Agriculture.

premiums without enhanced PTCs is higher among households in rural areas, both in terms of dollar amount and percentage, with the greatest increases corresponding to households in isolated rural parts of the state.

Without enhanced PTCs, average net premiums as a share of household income would have increased from 6 percent to over 9 percent in 2025, with the largest percentage point increase among households in isolated rural areas (Figure 3). On an annualized basis, Maine consumers would have paid an additional $87 million in 2025 premiums without enhanced PTCs, 68 percent of which would have accrued among consumers in rural areas (Table 2). On a per enrollee basis, consumers in rural areas would have seen the largest annual premium increases without enhanced PTCs, with the greatest increase among consumers in isolated rural parts of the state.

TABLE 2: **Additional Annual 2025 Premium Costs across Maine Consumers without Enhanced Tax Credits**

			Rural areas			
	All	Metro areas	All rural	Large rural	Small rural	Isolated rural
2025 Marketplace open enrollment						
Households (N)	44,369	15,076	29,293	14,148	6,160	8,985
Individuals (N)	64,678	21,497	43,181	20,855	8,899	13,427
Average household monthly net premiums						
With enhanced PTCs	$280	$286	$277	$278	$271	$279
Without enhanced PTCs	$445	$439	$448	$447	$439	$454
$ difference	$165	$153	$171	$169	$168	$175
Additional annual premium costs (statewide)	$87,850,620	$27,679,536	$60,109,236	$28,692,144	$12,418,560	$18,868,500
% of additional costs	100.00%	31.51%	68.42%	32.66%	14.14%	21.48%
Additional annual premium costs (per consumer)	$1,358	$1,288	$1,392	$1,376	$1,396	$1,405
% relative to all consumers	100.00%	94.80%	102.48%	101.29%	102.74%	103.46%

Notes: Analysis assumes 12 months of continuous enrollment for all Maine consumers and households.
Sources: Maine Bureau of Insurance, Maine Office of the Health Insurance Marketplace, Office of the Assistant Secretary for Planning and Evaluation, and U.S. Department of Agriculture.

DISCUSSION

Our analysis of Maine's 2025 Marketplace open enrollment period finds that, without enhanced PTCs, average net premiums would have increased by $165 per month across Maine households with Marketplace coverage, a 59 percent increase. The impact is greatest in rural parts of the state; without enhanced PTCs, average net premiums would have been 62 percent higher and would have accounted for nearly 10 percent of income among households with Marketplace coverage in rural areas. Across rural regions, we document the largest premium increases, for both the household and the enrollee, would have been among consumers in isolated rural areas.

While our analysis is specific to Maine, the implications of our findings are likely to extend to other states, especially those with large rural populations. Consumers in more isolated rural areas may be especially vulnerable to reduced subsidies, given the aging demographic profile and rates of self-employment in these communities (Cohen and Greaney 2023; Goetz and Rupasingha 2011). Older consumers are likely to face both increased price sensitivity as well as greater healthcare needs, while self-employed individuals, including many in the fishing and lobstering industries in Maine, may have limited access to alternative forms of coverage (Lawlor 2017). Given the current strains on health care across rural communities, the economic impact of allowing enhanced PTCs to expire will likely permeate beyond Marketplace consumers in these areas (Coughlin et al. 2020).

Our analysis relies on two assumptions. First, we assume that, without enhanced PTCs, the same number of individuals in Maine would have enrolled in a Marketplace plan during the 2025 open enrollment period. Higher premiums without enhanced PTCs, however, would have likely resulted in relatively healthier and more price-sensitive consumers opting not to purchase coverage. Previous research finds that such consumers are more sensitive to premium increases than individuals with employer-sponsored coverage (Abraham et al. 2017). While our analysis does not estimate the impact of enhanced PTCs on reducing Maine's uninsured population, a study by Banthin et al. (2024) projected that enhanced PTCs will reduce the national uninsured rate by 14 percent in 2025. Applying this projection towards the most recent count of Maine's uninsured population suggests that an additional 13,000 individuals in Maine would have been uninsured in 2025 in the absence of enhanced PTCs.[3] In response to a less healthy pool of potential enrollees and fewer enrollees to spread risk across, health plans will likely increase rates, and healthcare costs will increase as uninsured and underinsured individuals delay necessary medical treatments and seek more costly care (e.g., in emergency rooms).

Second, our analysis assumes that in 2025 Maine consumers' plan selections would have remained unchanged without enhanced PTCs. It is more likely, however, that consumers would have enrolled in plans with lower monthly premiums to offset the reduction in tax credits. The combined effects of lower tax credits and higher rates would likely lead to suboptimal enrollment decisions, with consumers purchasing plans with higher cost-sharing requirements, sometimes even if they cannot afford the potential out-of-pocket costs. Suboptimal plan selections would increase rates of underinsured individuals across the state. Our findings indicate that the impact of allowing enhanced PTCs to expire, including potentially higher rates of uninsured and underinsured, may have a disproportionate effect on rural communities in Maine, and, in particular, on individuals and providers in isolated rural parts of the state.

While our analysis primarily focuses on the direct impact to Maine Marketplace consumers, if the enhanced PTCs expire, there will likely be broader impacts across Maine's healthcare system. For example, higher rates of uninsurance and underinsurance will increase levels of bad debt and charity care incurred by healthcare providers. In response, providers may be forced to increase charges for insured patients to offset uncompensated care, potentially driving up premium costs for individuals with employer-sponsored coverage. If healthcare providers are unable to recoup the loss of revenue, they may be forced to scale back services or to close. Because Maine's rural healthcare infrastructure is already under strain with news of rural providers eliminating services and closing service provider locations, these effects may be especially pronounced in rural communities (Budion and Catalina 2025; Hedegard and Cough 2025). In addition, a less healthy Marketplace risk pool will strain reinsurance funds that are used to limit health plans' risk exposure to unexpected high-cost claims, which help keep premiums lower for individuals and small businesses. Lower levels of reinsurance funding will create a domino effect that further drives up average premium rates as insurers compensate for increased risk, putting additional pressure on Marketplace enrollment stability.

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NOTES

1 The Technical Appendix is available here: https://digitalcommons.library.umaine.edu/mpr/vol34/iss1/11/.

2 Without enhanced tax credits, Maine households receiving advanced premium tax credits, which are distributed throughout the year and intended to reduce monthly premium costs, would have experienced a larger increase in premium costs, suggesting that households that benefit most from enhanced tax credits depend on these saving throughout the year (CoverME.gov 2025).

3 This is a conservative estimate, as our baseline count of uninsured individuals in Maine likely understates the actual uninsured population in 2025. Our baseline count of uninsured individuals derives from data year 2023 (the most recent data year); it is estimated that 81,000 individuals in Maine were uninsured in 2023 (81,000/0.86 = 94,000) (US Census Bureau). Because the Medicaid continuous coverage provision, which paused redeterminations during the COVID-19 public health emergency, was partially in effect in 2023, the number of uninsured individuals in Maine in 2025 will likely exceed this estimate following the end of the unwinding of the continuous coverage provision in 2024.

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