



November 6, 2025

Chairman Ron Johnson
Ranking Member Richard Blumenthal
Permanent Subcommittee on Investigations
U.S. Senate Committee on Homeland Security & Governmental Affairs
340 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Johnson, Ranking Member Blumenthal, and Subcommittee Members,

On behalf of National Taxpayers Union (NTU), the nation's oldest taxpayer advocacy organization, we write to express our serious concern with issues affecting the operations of Obamacare. Its large-scale expansion of federal involvement in the American health care system has greatly increased costs to the taxpayer, while not providing clear improvements to overall health of Americans. In particular, the "temporary" Biden-era increases in premium subsidies went against what was originally envisioned by the authors of Obamacare, who expected enrollees to pay a portion of premiums based on income. The Biden-era expansion provided no-cost premium coverage to enrollees with incomes well over the federal poverty line. This opened a pathway for the rampant growth of "zombie" health insurance accounts for thousands of Americans who do not even know they have them, greatly increasing costs for the taxpayer, while mainly benefiting the insurance companies who get paid to do nothing.

According to the Paragon Health Institute, more than one-third of all Obamacare health exchange enrollees filed zero claims in the most recent calendar year, with the number bumping up to 40% for fully subsidized plans. This represents a significant difference from the average rate of zero-claim accounts in private plans of 15%. This large variation reveals a high likelihood that many of these may be "phantom" accounts: health insurance coverage for individuals who do not realize they actually have coverage. Even after controlling for possible explanatory variables like age of enrollee, the high variation still exists. This strong difference does correlate, however, with states that have higher percentages of fraudulent accounts.

How did this occur? Zero-premium plans, in an environment marked by lax oversight of the market, created incentives for "lead generators" and brokers to coach applicants to misstate income to maximize received benefits. Sometimes these brokers enrolled people without consent. As a result, millions of taxpayer dollars are being spent on health benefits that were neither expected nor necessarily even wanted.



How much are taxpayers losing here? According to Paragon, over \$35 billion was sent by the U.S. Treasury to insurers for people enrolled in no-cost premiums who did not file a claim in the previous year. According to HHS, over 1.6 million people are covered by both Medicaid and an exchange plan, while over 12 million people are covered by no-cost plans without any claims filed. On top of this, Treasury also estimates that only 18% of subsidized enrollees were actually in an income range that qualifies them for these benefits.

These no-cost plans that were greatly expanded in the Biden era had strong [inflationary effects](#) on insurance costs, while also lowering pressure to limit excess utilization rates. Simply allowing more low-cost premiums—at the cost of the average cell phone bill—to return to enrollees over the poverty line would likely lower health care costs, while increasing appropriate utilization by enrollees. It would help root out fraudulent and phantom accounts, and greatly lower taxpayer costs going forward.

We urge the Subcommittee to take a close look at these issues, and to help set a path forward for Congress to improve health outcomes at lower costs for taxpayers. Furthermore, our federal deficit needs more of our nation's attention. Taxpayers would save over \$450 billion over the next 10 years if President Biden's COVID credits are not extended.

Thank you for holding this important hearing. If you have any questions regarding our comments, please do not hesitate to reach out to us.

Sincerely,

David Timmons
Senior Policy Manager
National Taxpayers Union