NATIONAL TAXPAYERS UNION

December 8, 2025

Open Letter on Proposals to Extend and Slightly Reform Expiring Enhanced Premium Tax Credit

Dear Members of Congress,

On behalf of National Taxpayers Union, the nation's oldest taxpayer advocacy organization, I write to reiterate our strong opposition to extending the Biden-era Enhanced Premium Tax Credit (EPTC). Originally enacted as a temporary emergency measure during the pandemic, this expanded credit funnels federal funds directly to health insurance companies and continues to burden taxpayers and distort health care markets. This tax credit was never meant to be permanent, and Congress should let it lapse as scheduled at the end of 2025.

These expanded subsidies are rife with fraud and abuse. A shocking new study published this week by the Government Accountability Office (GAO) highlights how structural flaws with this tax credit allow fake identities, misused Social Security numbers, and even dead people to receive Obamacare subsidies.

Unfortunately for taxpayers, the data bear this out. The IRS Inspector General reports a 26% improper payment rate, the highest of any federal health program. To make matters worse, government data show millions of exchange enrollees never filed a single claim in 2024. Among fully subsidized enrollees, 40% had zero claims.

The implications for taxpayers are bleak. According to the CBO, extending the EPTC on a permanent basis would add an average of $40 billion to the deficit every year. Our deficits hover near $2 trillion annually, and interest on the national debt already consumes about 13% of the entire U.S. federal budget. Continuing this costly handout would be yet another blow to the nation's already strained finances.

Some lawmakers have suggested imposing additional eligibility requirements. Yet, income caps and minimum premium payments don't fix the underlying problem: subsidies shield consumers from the true cost of coverage, which only drives costs higher. Keeping premiums artificially low does not reduce the actual cost of care. It simply shifts the burden onto taxpayers while allowing insurers to maintain or raise rates without meaningful competition. Safeguards like income caps don't change the fundamental third-payer dynamic that keeps upward pressure on health care spending.

Health care remains a highly salient political issue heading into the 2026 midterms, and it's perfectly understandable Congress wants to take action on this matter. The solution to rising health care costs isn't more subsidies that insulate consumers from prices, but instead empowering patients to control their own spending. Health Savings Accounts are an effective tool that allow people to set aside tax-advantaged funds to cover medical expenses. By letting individuals see and manage their own funds, this approach incentivizes more prudent health care spending.

As lawmakers introduce new legislation to extend the EPTC with slight reforms, the misaligned incentives built into the program will ultimately do nothing to curb growing costs. Instead, they will simply leave taxpayers worse off than they are today. We urge you to stand with taxpayers and support real free market reforms that better serve patients over tax credits that mostly benefit large insurance companies.

Sincerely,

Alexander Ciccone
Policy and Government Affairs Manager
National Taxpayers Union