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**STATEMENT
of the
Federation of American Hospitals
to the
U.S. Senate Committee on Finance**

**Hearing: “Lower Health Care Costs for Americans: Understanding the Benefits of the
Inflation Reduction Act” on September 17, 2024**

The Federation of American Hospitals (FAH) appreciates the opportunity to submit a statement for the record on reducing health care costs for Americans and advocating for the protection and continuation of the enhanced premium tax credits which have benefited millions of Americans by increasing health care coverage and reducing the cost of health insurance.

The FAH is the national representative of more than 1,000 leading tax-paying hospitals and health systems throughout the United States. FAH members provide patients and communities with access to high quality, affordable care in both urban and rural areas across 46 states, plus Washington, DC, and Puerto Rico. Our members include teaching, acute, inpatient rehabilitation, behavioral health, and long-term care hospitals and provide a wide range of inpatient, ambulatory, post-acute, emergency, children’s, and cancer services.

Established in 2021 under the American Rescue Plan Act (ARPA), enhanced tax credits decreased the cost of health coverage throughout the COVID-19 Pandemic for American Families, with Congress extending the credits through the end of 2025 with the passage of the Inflation Reduction Act (IRA). The ARPA and IRA guaranteed that no one will spend more than 8.5% of their income on health insurance premiums and made enhanced tax credits more generous for lower- and middle-income individuals and families. Currently, 21.4 million Americans rely on coverage through the individual health insurance marketplace with nearly 20 million receiving enhanced tax credits.¹

With a permanent extension of enhanced tax credits, Americans purchasing health insurance from the individual marketplace will continue to have access to affordable options for coverage. Without support for policies like this that make health coverage more affordable, millions will lose access

¹Lambrew, J. [Enhanced ACA Marketplace Tax Credits Worked – And Shouldn’t Be Eliminated. The Century Foundation.](#) August 7, 2024.

to their health insurance. Congressional inaction will take away a vital tax credit from struggling families who need affordable, high-quality, and accessible coverage.

An analysis from Kaiser Family Foundation found that in the last four years alone, 10 million Americans gained coverage through the individual health insurance marketplace as a direct result of the availability of enhanced tax credits. Eighty-three percent of enrollment growth in the individual health insurance marketplace since 2020 has been from low-income individuals with incomes up to 2.5 times the federal poverty level (FPL).² With millions of Americans, particularly those with lower incomes, relying on these tax credits to obtain high quality and affordable health care, **we urge Congress to enact legislation that will make enhanced tax credits permanent.**

It is these same low-income enrollees and their families who would see their premiums increase the most if Congress were to allow the enhanced tax credits to expire in 2025. Without action, five million Americans will lose their coverage completely – which will raise premium prices for everyone. Millions more could see their premiums increase by more than 50%. For individuals in the lowest income category (166% FPL), premiums would increase 573%.¹

As a fierce advocate for affordable health insurance coverage, we urge Congress to act now to make these expanded tax credits permanent, ensuring millions of low- and middle-income families continue to have access to affordable coverage in 2026 and beyond. We cannot put the health care of almost 20 million current marketplace enrollees, and millions of potential future enrollees at risk. Now is the time to ensure much-needed stability for all those who provide, pay for, and receive health care services.

We thank the Committee for its continued leadership in promoting innovation and affordability in health care and we urge Congress to pass legislation to make enhanced tax credits permanent to prevent premiums from increasing by more than 50% for millions of Americans. The FAH stands ready to collaborate with the Committee on improving our nation's health care system by promoting coverage and decreasing costs for Americans, and we look forward to working together on these critical issues.

²Ortaliza J et al. [Inflation Reduction Act Health Insurance Subsidies: What is Their Impact and What Would Happen if They Expire?](#). Kaiser Family Foundation. July 26, 2024.