

APTC Changes in 2026: How Rising Premiums Could Impact You

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Financial expert Jae Oh discusses potential end of enhanced tax credits, impact on health care costs, and strategies to prepare for possible premium increases.

Robert Powell: There's likely to be some changes to the Advanced Premium Tax Credit come 2026. And here to talk with me about that is Jae Oh, author of Maximize Your Medicare. Jae, welcome.

Jae Oh: Thanks for having me, Bob.

Powell: So the more things change, the more they don't remain the same, huh?

Oh: The headlines are flying and of course, while tariffs get all the main headlines, underneath the surface seems to be a memo that cuts \$40 billion from the Department of Health and Human Services next year. This was in a report or a leaked memo that is first reported by the Washington Post. In there, the starting presumption is that the enhanced Advanced Premium Tax Credit, something that you and I have discussed on multiple occasions, looks to be discontinued. It was originally extended as a result of the Inflation Reduction Act. It looks like that is the main proposal for it to end at the end of 2025.

Powell: Yes, and the implications for this are great and many.

Oh: Endless Bob, the reality is that on KFF, which is Kaiser Family Foundation, they actually have an estimator. The results are stunning. Predictably between the two of us, it's a point that I've tried to make with you many, many times. Thank you so much. This is a tremendous amount of savings for people on health insurance and possibly lower out-of-pocket maximums, as well as deductibles, the cost-sharing details all improve depending on the plan.

Understanding the Financial Impact

Oh: For example, someone in their younger years, 40 years old, single, they're looking at \$1,000 slightly more per year for the same plan. For a married couple at 60 years old, stunning results. For example, I looked at one in Texas over \$20,000 higher in health insurance premiums for the equivalent plan.

Powell: So the actionable advice sounds like take a look at what your premium may go up to and then start budgeting for the possibility of higher premiums.

Oh: Well, certainly budgeting is part of it. Then we were talking about certain other basics, which is which health insurance plan is really the best fit. There are a lot of errors people make, you know, just try to keep the same plan, which is understandable. People try to resist change. I can understand that. That said, not at every price point. And so now you can see that twenty thousand dollars does not matter what your net worth is. That's a heck of a lot of money.

Strategic Planning Options

Oh: This also brings up some other more complicated strategies and avenues. For example, when to take a Roth conversion, whether or not COBRA was actually worse, meaning that if you have lost your employer health insurance plan, that it had been the idea that you would not be in COBRA for just for cost reasons.

But now next year, if your cost advantage dissipates, maybe COBRA was best all along. We don't know that yet. And this memo isn't yet acted into law, but it's there. I wanted us to have these few moments so that we can alert people so they can try to adjust and possibly plan accordingly.

Powell: So let me just go back to this notion of adjusting plans. If you're in a gold plan, look at their silver plan. If you're in a silver, look at a bronze plan. That's sort of like one course of action to take.

Oh: I think that is the case. I think that you're gonna see more changes that we will not be able to control. In other words, we do not know at all what 2026 individual health insurance plans under the ACA look like. We will not know that until the very, very late fall this year. Nevertheless, some of the other financial maneuvers, I said, Roth conversions, Roth contributions, for example, anything to defray or to try to limit your modified adjusted gross income next year may be very valuable given the possible impact to health insurance premiums.

The COBRA Connection

Powell: Jae, you mentioned COBRA and we're right now perhaps in the middle of a white-collar recession of sorts, many federal employees being laid off as well as people in the private sector. What thoughts do you have about the complications with COBRA?

Oh: Well, COBRA by its nature is complicated, which is that the large employers are required by law to provide you in writing the terms and conditions of COBRA. It means you can keep your existing plan, but you will have to pay the full price plus up to a possible 2% administration fee. That said, your coverage will be uninterrupted, including the preservation of the deductibles that you've already paid, any progress you've made to the out-of-pocket maximum, you may be responsible for a 24-year-old adult child. So it becomes complicated.

In the past, we've generally said the ACA is less expensive, especially for those people who have not been at an earnings level, which have been too high. And so that they could get a large discount on health insurance premiums. That entire combination, Bob, has become notably more complicated. And especially in light of the fact that these cuts seem to be the starting point from which modifications to HHS budgeting begins.

Powell: Jae, I suspect we've covered a lot of ground. Anything we missed or bears reemphasizing?

Oh: I still think this is very early innings, Bob, that this story will continue like you rightly stated. Everything in our professional practice here tells us that, that white-collar recession, anything that looks or sounds or feels like it is real, that people are on the bench, if you will, looking for employment, especially those with experience that this becomes the first stop, meaning that how am I going to continue on with the benefits that I had from my prior employer? Many people are shocked by the sticker price, as, of course, the ripple effect on their daily lives and how to plan around it. So like I said, this is that instance when the headlines will affect every aspect for those types of people, including myself, meaning that people who have accessed the APTC can be effective going into next year.
