

Republicans are adding health care taxes — but not on the rich

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A core principle of the Republican budget bill was that extending existing federal tax cuts should not be counted as raising the deficit because they are already part of “current policy.” By the same logic, Republicans argued that letting the cuts expire at the end of this year would be a tax *increase*.

And so, Congress extended and made permanent President Donald Trump's Tax Cuts and Jobs Act of 2017 — while claiming the move would not increase the deficit.

Republicans were rock-solid on this principle even when it came to tax cuts for the uber-wealthy. The One Big Beautiful Bill preserved the 2017 tax cuts' lower rate for the highest earners as well as a \$30 million estate tax exemption for wealthy couples.

Yet when it came to working Americans, it turned out this was far from an ironclad commitment. Stunningly, Republicans entirely rejected the “current policy” concept for the Biden-era increase in the Affordable Care Act's premium tax credit — called the “enhanced PTC” — for millions of workers getting private health insurance in ACA marketplaces. Like the 2017 tax breaks, the enhanced PTC was set to expire at the end of this year. Unlike those breaks, the enhanced PTC is scheduled to die. By Republicans' own principle, this will mean a \$335 billion *tax increase* on working families over the next 10 years.

Make no mistake: Enhanced PTC beneficiaries are not “unwilling to work,” a disingenuous and denigrating allegation Republicans are fond of deploying when it comes to cutting Medicaid by nearly \$1 trillion and slashing SNAP. This massive tax increase on health care premiums goes specifically to hard-pressed or middle-class workers and their families — more than 22 million Americans — and would lead to 4.2 million completely losing coverage.

Examples: When the enhanced PTC expires, the reduction of the tax credit means a family of four living on \$65,000 a year and getting health care through the ACA will pay an extra \$2,383. For a typical 60-year-old couple making \$82,000, the tax increase will drive their health care up \$18,361 — a devastating 22 percent of their income.

And yet, these figures understate the impact of the expiration of the enhanced PTC. When it's time to sign up for next year's insurance on Nov. 1, many middle-class Americans now receiving the enhanced PTC will quickly discover they have been hit with a one-two punch. They will learn they will both lose their tax credit and face spiking health premiums. Why? Because the generosity and eligibility of the enhanced PTC for health insurance purchased in the ACA marketplaces attracted healthier and thus less expensive consumers who previously risked going without insurance. The expiration of that enticement will lead many of these healthier individuals to opt out, leaving an insurance pool that is less healthy and costs more. The result? Insurers are already submitting plans explicitly attributing additional increases of 3.5 percent to 9.7 percent to the expiration of the enhanced PTC.

Undoubtedly, the White House will claim that those taxpayers will still come out ahead when they factor in the rest of the Republican strategy. That's not the case. A construction worker with a spouse and two children making \$65,000 may get a \$1,050 income tax cut next year, but with \$1,826 in extra costs due to Trump's tariffs and the \$2,383 health insurance tax increase, the family will be down about \$3,160. A hairdresser making \$32,000 who loses \$1,162 with the expiration of the enhanced PTC gets a \$410 tax cut and a tariff-related price increase of \$1,222 — for a net tax increase of almost \$2,000.

Recently, both Politico's “Playbook” podcast and then Punchbowl News reported that a few well-placed Republicans have suggested a de facto mea culpa by extending the enhanced PTC. That clearly reflects emerging concern about their election strategy. Though the One Big Beautiful Bill carefully designed the large bulk of its massive Medicaid cuts to hit *after* the 2026 midterm elections, more than 20 million Americans will learn before they sit down for Thanksgiving dinner *this year* how much Trump's policies will have caused their family spending on health insurance to skyrocket.

It is unlikely that a sudden Republican embrace of the enhanced PTC would fool most midterm voters about the breadth and depth of health care pain to be inflicted by Trump policies. It would not wash away the knowledge that Trump Medicaid cuts and other reductions in the ACA marketplaces would still mean more than 10 million Americans completely losing their health coverage, with countless others losing crucial benefits or access to local hospitals. But if Trump and fellow Republicans want at least to blur the degree that their budget bill's commitment to extending tax cuts was ironclad only for the very well-off — and not so “beautiful” for millions needing affordable health care — they need to swallow their partisan pride and permanently extend this signature Biden-Obama tax cut.

The writer was director of the National Economic Council under Presidents Bill Clinton and Barack Obama and was a senior adviser to President Joe Biden.