

MEMO

TO: Interested Parties
DATE: September 29, 2025

RE: Republicans Are Recycling Reconciliation Lies to Justify Cutting the ACA

Earlier this year, Republicans refused to extend enhanced premium *tax* credits in their partisan *tax* bill, and that decision has wreaked havoc on insurance markets across the country. Over 20 million working people who buy their own health insurance will see their share¹ of premiums [increase by 75 percent on average](#) next year, and **many will see their [premiums double](#)**. Open Enrollment for the federal Affordable Care Act (ACA) Marketplace begins on November 1, and the sticker shock will hit everyone.

Instead of working with Democrats to address the looming affordability crisis they created, Republicans are deploying the same misdirection they used to cut more than \$1 trillion from Medicaid and the ACA in their partisan reconciliation bill: calling working Americans “fraudsters” in order to bury families in red tape and terminate their health care.

Republican Lie: “Expanded premium tax credits are going to the wealthy.”

Facts: The non-partisan Joint Committee on Taxation (JCT) [found](#) that 94 percent of enhanced ACA tax credit dollars go to households earning under \$200,000. Republicans regularly speak about enrollees making \$600,000 or more benefiting from enhanced ACA tax credits, but these stories are fiction; **JCT confirmed that no one making over \$500,000 receives the tax credits.**

Republican messaging focuses on families earning 400 percent of the Federal Poverty Level (FPL) annually. In 2025, 400 percent FPL is \$62,600 for an individual and \$128,600 for a family of four. If enhanced ACA tax credits expire, these working people and their families who make just above these amounts would need to spend up to 30 percent of their income to remain insured. [About 90% of ACA enrollees](#) have incomes below 400 percent FPL, and [almost half](#) have incomes below 200 percent FPL (or \$31,300 per year for an individual).

Republican Lie: “Expanded premium tax credits fuel fraud and waste.”

Facts: Expanded ACA tax credits have helped the United States achieve a record low uninsured rate by making coverage affordable for working people. Despite assertions from Republicans, neither the Centers for Medicare & Medicaid Services (CMS) nor the non-partisan Government Accountability Office (GAO) has found that enhanced ACA tax credits contribute to fraud. In fact, the [flawed third-party analysis Republicans are relying on](#) to substantiate their claims of ACA fraud is currently playing a central role in ACA litigation, with a federal judge determining that the methodology is potentially so unsound that it could render the regulations relying on it arbitrary and capricious.

¹ The premium tax credits reduce the amount that people pay for coverage. The total cost of coverage less the premium tax credits equals the net premium that people must pay.

Just as they used false claims of fraud to justify passing the largest Medicaid cuts in history, Republicans are using misleading claims of ACA fraud to justify taking health care away from working people. [Fraud identified in the ACA Marketplace is not committed by consumers](#), it has been driven by brokers, agents, and other third parties. Democrats introduced [legislation that would crack down on broker fraud](#) and proposed policies that would [support increased investigation and enforcement efforts](#). If Republicans are serious about fighting fraud, Democrats have proposals to do just that.

Republican Lie: “Expanded premium tax credits are a bad deal for patients.”

Facts: On the question of whether enhanced ACA tax credits should be extended, the answer is a resounding yes. [More than 360 national and state organizations](#), representing patients, labor unions, and small businesses, among others, are urging Congress to make ACA enhanced premium tax credits permanent. [Health care professionals agree](#); extending these tax credits has the support of the American Academy of Family Physicians, American College of Physicians, American Medical Association, National Association of Pediatric Nurse Practitioners, Federation of American Hospitals, American Hospital Association, and National Rural Health Association, among many others.

Republican Lie: “Low-Income ACA enrollees are protected if expanded tax credits expire.”

Facts: In 2025, 85 percent of the over 24 million people enrolled in the ACA make less than \$50,000 for an individual or \$100,000 for a family of four. These are the very people who will see their share of premiums increase drastically if enhanced ACA tax credits are not extended. Failing to extend the ACA enhanced premium tax credits is a tax hike of tens of billions for working Americans.

Republicans seek to eliminate zero-dollar premium plans from the ACA, arguing that low-income people should have to pay premiums for coverage instead of using the entire amount of the tax credit they are eligible for to buy a no-cost plan. The elimination of zero-dollar premiums from ACA coverage will cause millions of working Americans to drop coverage, which will lead to an increase in uncompensated care and worsening health insurance risk pools, driving up costs for everyone across health insurance markets. Zero-dollar benefits exist across programs, such as zero-dollar Medicare Advantage plans and zero-dollar access to preventive care and vaccines. In Trump’s failing economy, more people are working paycheck-to-paycheck and struggling to afford health care, caregiving, housing, and more; Americans simply cannot afford to pay more.

Republican Lie: “The coverage loss is illegal immigrants and fraudsters.”

Facts: **Undocumented immigrants are not eligible to enroll in Medicare and Medicaid, and they are *also* not eligible to purchase coverage on the ACA Marketplace.** Republicans continue to knowingly lie about eligibility for these programs with the hope that repeating this lie will keep the American people from realizing that *their very own health care* is under attack.

The over 24 million people who rely on the ACA are not illegal immigrants or fraudsters, they are working people and families with no other access to affordable insurance. [Nearly 90 percent of the](#)

[total growth](#) in the ACA Marketplace since 2020 has occurred in states that Trump won during the 2024 election. [Nearly half of the small business owners and employees](#) in America buy their coverage through the ACA, as do [over 25 percent of American farmers](#), and the vast majority of these people purchase their coverage using enhanced premium tax credits.

People who buy insurance but do not generate claims are not “fraudsters.” They are part of a healthy risk pool, and it is an indicator that healthy people are choosing to purchase affordable insurance in the event they become sick or experience a health emergency. This is, in fact, the point of having health insurance. [Analysis from state insurance markets](#) found that the rate of zero claims enrollment in the ACA is at or below the rate seen in the commercial market. The absence of health care claims is not an indicator of fraud.

Republican Lie: Extending the premium tax credits is “a \$40 billion a year handout to insurers.”

Facts: It does not cost \$40 billion a year to extend the ACA enhanced premium tax credits. Further, Republicans’ continued inaction risks increasing costs. A last minute, temporary fix could cost taxpayers over 30 percent more in 2026—to cover the same people—than it would have under the Democratic proposal to make the tax credits permanent. This is an “uncertainty tax” levied on taxpayers and working people because Republicans who claim to care about fiscal responsibility knowingly injected chaos into insurance markets, driving up the cost of premiums.

Republican Lie: “Any action on ACA subsidies must include strong protections for Hyde”

Facts: The ACA expressly prohibits insurers from using premium tax credits to pay for non-Hyde abortion services. Republicans are seeking to insert their longstanding ideological anti-choice policy goals into an unrelated debate about extending health tax credits that working people use to buy their own insurance. Republicans will stop at nothing to enact a de facto nationwide abortion ban.

Republican Lie: “Enhanced Tax Credits are COVID-era policy that serve no purpose”

Facts: Enhanced ACA tax credits were created by Democrats in 2021 in response to the COVID-19 crisis that left millions of uninsured Americans at risk of having no access to health care during a global pandemic. Since that time, these tax credits have made insurance more affordable for 24 million people and driven the nation’s uninsured rate to its lowest in history. Some COVID-19 policies, like access to free vaccines, expanded telehealth flexibilities, and increased support for working people who buy their own health care, should continue because they make care more accessible and affordable for the American people.

Conclusion: As the cost of the chaos and destruction Republicans have unleashed on the American health care system becomes increasingly clear to working people across the country, Republican misdirection is at an all-time high. But the facts are also clear: absent immediate action, over 20 million people will see drastic premium spikes next year and millions more will lose their health coverage altogether.