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Before the U. S. Senate Special Committee on Aging

Hearing Entitled:
Modernizing Health Care: How Shoppable Services Improve Outcomes and Lower Costs

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Chairman Scott, Ranking Member Gillibrand, and distinguished members of the Committee, thank you for the opportunity to testify on health care shopping and its impact on costs and outcomes.

My name is Jeanne Lambrew. I am director of health care reform and a senior fellow at the Century Foundation, an independent think tank that conducts research, develops solutions, and drives policy change to make people's lives better. I am also an adjunct professor of health policy at the T.H. Chan Harvard School of Public Health. Prior to these positions, I was commissioner of the Maine Department of Health and Human Services when the state expanded Medicaid and established a state-based Marketplace. I also served in the U.S. Department of Health and Human Services and White House. I have experience in federal and state policies related to private insurance, Medicaid, Medicare, and public health.

Background

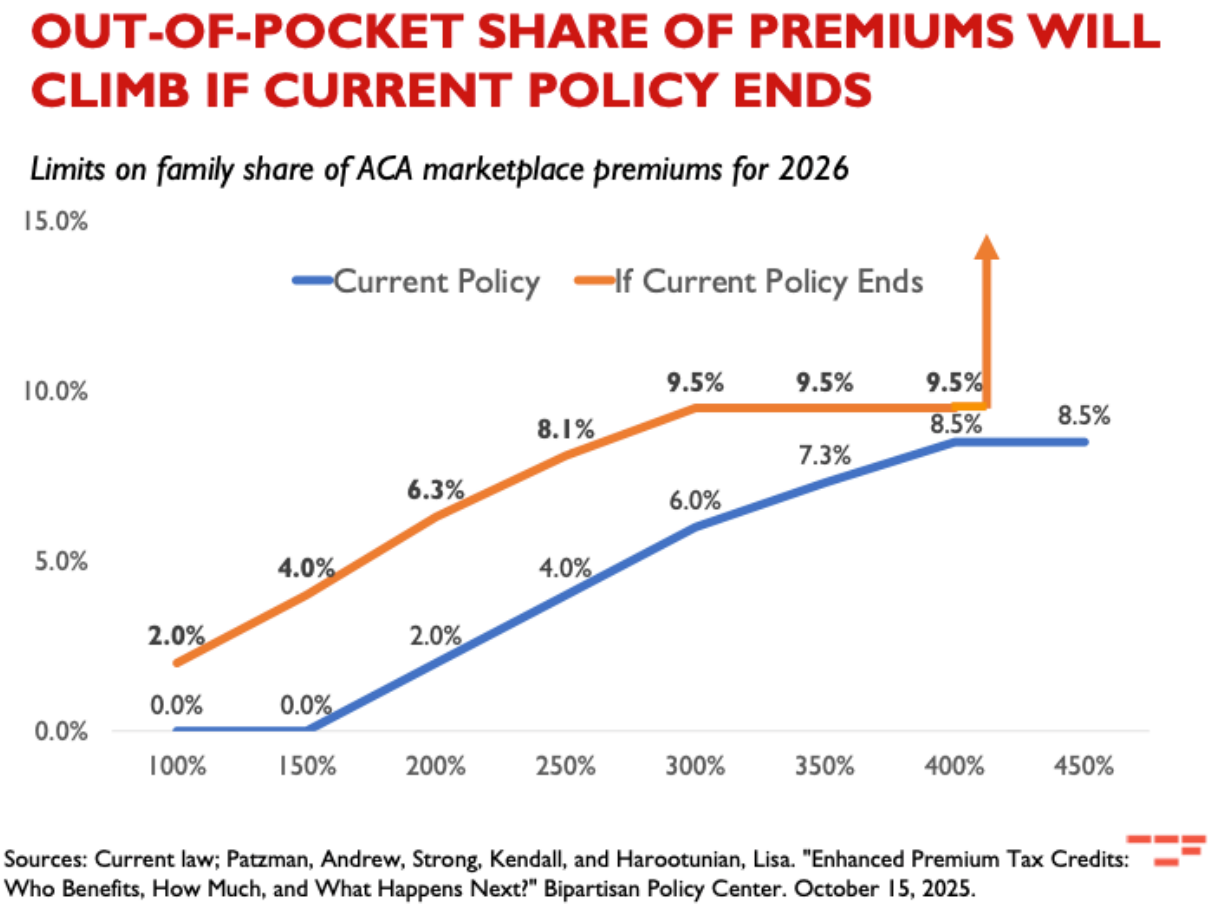
Shopping for affordable medications and high-quality services matters. So does shopping for health plans. When designed well, health plans pool purchasing power to give enrollees access to high-quality, low-cost services. They also pool risk through premiums to pay for health care if and when enrollees need it. Additionally, with few exceptions, private health plans limit annual out-of-pocket costs, ensure minimum levels of coverage, and fully pay for proven preventive services – thanks to reforms in the Affordable Care Act (ACA).

Health Insurance Marketplaces. In addition to private insurance reforms, the ACA created a shopping platform for people buying private plans on their own called health insurance marketplaces. Marketplaces offer health plans in tiers from bronze to platinum based on the percent of expected costs they cover. Shoppers can check to see if a plan includes their doctors or drugs. They can also compare plans based on their monthly premiums, deductibles, and other features. While the federal government runs HealthCare.gov for thirty-one states, twenty states offer their own marketplaces—more than half of which have recently opened up window

shopping for 2026 plans. Marketplaces are funded by user fees from participating insurance companies.

Premium Tax Credits. This shopping experience is enhanced by premium tax credits for people with income above the poverty level who lack access to affordable employer-based coverage. The credits are set competitively, based on the second lowest silver-plan premium in an area called the benchmark. Currently, under changes made in 2021 that end in 2025, eligible enrollees' payment for the benchmark plan is limited to 8.5 percent of their income, with the tax credit paying for the rest. The current tax credit automatically phases out as income rises. People with income below 400 percent of the poverty level pay a lower percent of their income for premiums (Figure 1). Once set, the tax credit is like a voucher: with it, enrollees can choose more or less generous coverage.

FIGURE 1.



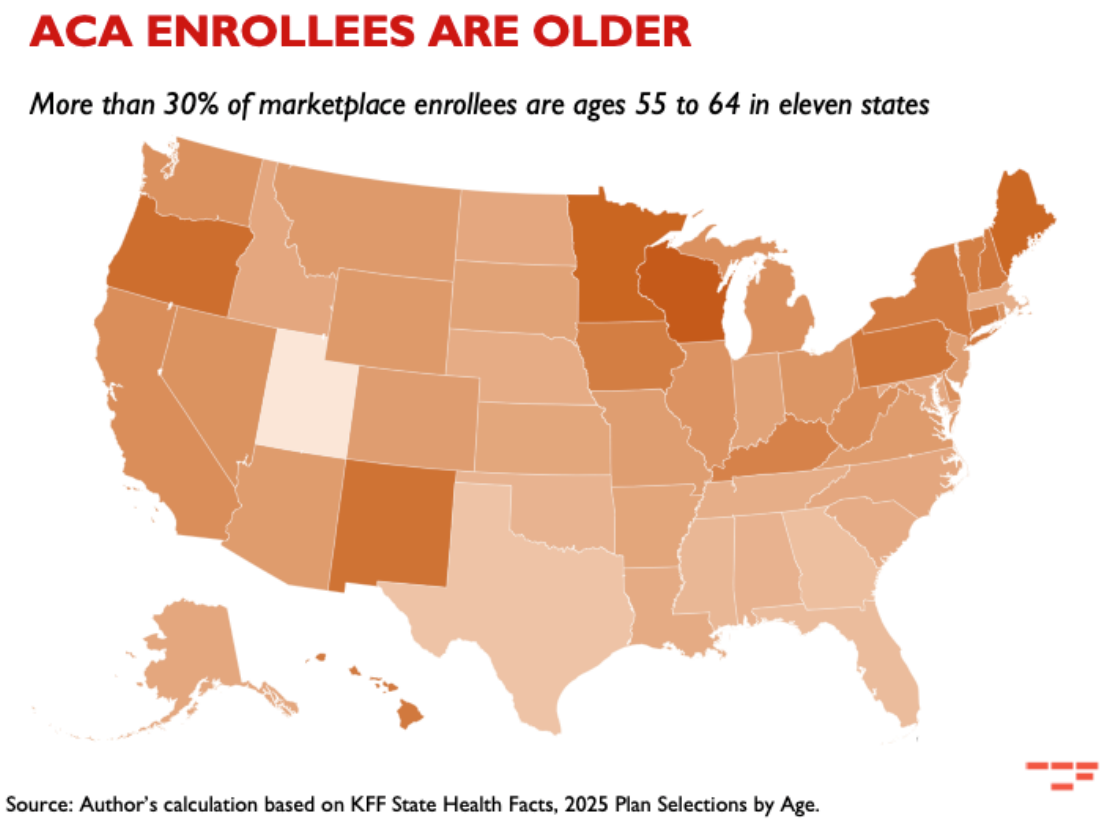
Sources: Current law; Patzman, Andrew, Strong, Kendall, and Harootunian, Lisa. "Enhanced Premium Tax Credits: Who Benefits, How Much, and What Happens Next?" Bipartisan Policy Center. October 15, 2025.

Recent Performance

Overall Enrollment and Health Coverage. Currently, 24 million people are covered through health insurance marketplaces, double the number enrolled in 2020 and triple the number enrolled in 2014. The marketplace growth contributed to record-low uninsured rates in 2022, 2023, and 2024. About half of these people are small business owners, workers, or self-employed. In sixteen states, a higher percentage of rural residents than urban residents are enrolled in marketplace coverage. Over half of marketplace enrollees live in states that have not implemented the ACA Medicaid expansion compared to only 28 percent of the U.S. population. Over 600,000 are Veterans. The diversity of marketplace enrollees also increased since 2020.

Enrollment and Health Coverage of Older Americans. Marketplace enrollees are older than the overall non-elderly population, with 23 percent of enrollees being aged 55 to 64 compared to 15 percent in the general population. The share of older enrollees is 30 percent or higher in eleven states (Figure 2). About 5.5 million marketplace enrollees are ages 50 to 64 (eligibility for the marketplace ends when Medicare begins). Nearly one in ten older Americans relies on coverage purchased on their own. An AARP analysis estimates that marketplace and other ACA reforms reduced the uninsured rate among people ages 50 to 64 by 50 percent.

FIGURE 2.



Choice. Choices in the marketplace have increased. In 2025, 97 percent of enrollees in states using the federal marketplace, HealthCare.gov, had three or more insurance companies offering plans, up from 68 percent in 2020. Similarly, the number of health plan choices per county averages 99.5, up from 38.5 plans in 2020. Starting in 2023, HealthCare.gov required insurers to offer standard cost sharing plans in some but not all of their plans, enabling consumers to shop based on premiums and networks rather than deductibles and copays.

Costs. From 2020 to 2025, marketplace benchmark premiums increased by an average annual rate of 2 percent, slower than employer-sponsored insurance and inflation, both of which were around 5 percent. Studies have repeatedly found that competition among marketplace plans has led to lower premiums. Competition may also help explain why fully insured plans like those in the marketplace have lower provider payment rates than self-funded health plans. It is also noteworthy that, according to one analysis, median individual deductibles dropped by almost half, from $750 to $400, between 2021 and 2023.

Changes

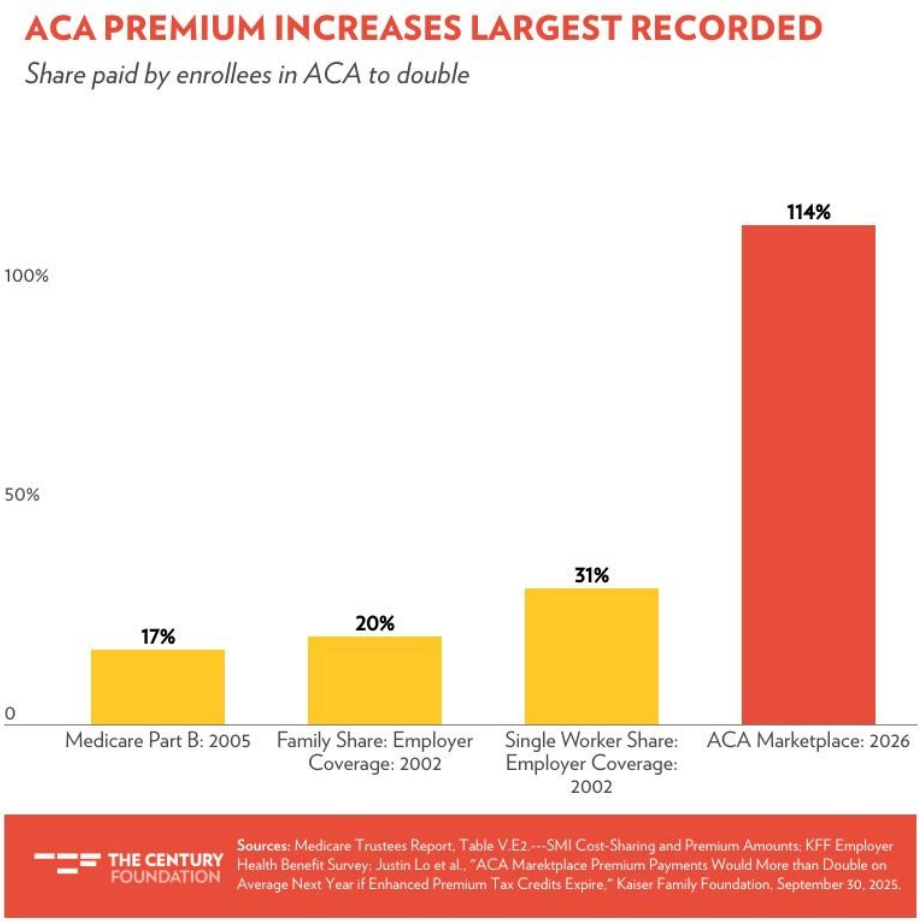
Overall Impact on Marketplace Enrollees. All this is about to change. The budget reconciliation law erected barriers to getting and staying covered in the marketplace, which will worsen the risk pool and increase the number of uninsured. Trump administration rule changes will lower premium tax credits and raise out-of-pocket limits, among other changes. And, even though dozens of expiring tax cuts were extended in the budget law, current levels of premium tax credits were not. Since 2021, the value of the tax credits has been enhanced and the extra cap on premium tax credits was lifted, allowing the tax credit to phase out with income rather than ending abruptly when income increases over 400 percent of the poverty level. Combining these effects, the Congressional Budget Office estimates 7 million people who would otherwise have been in the marketplace will become uninsured by 2034. Based on its projections for the same year, federal funding for premium tax credits will be 46 percent below baseline.

But the harm begins this coming year. Premiums are already locked in for 2026. People in Idaho have started signing up for coverage and people in all states will start doing so on November 1. Without Congressional action to extend current tax credits, shoppers will experience sticker shock when newly signing up for or renewing marketplace health coverage.

Health Insurance Premium Increases

Average Premium Increase. The average marketplace enrollee will pay more than twice as much for premiums starting in January, with many paying much more. There is no historical precedent for such a large one-year increase in premiums for so many Americans (Figure 3).

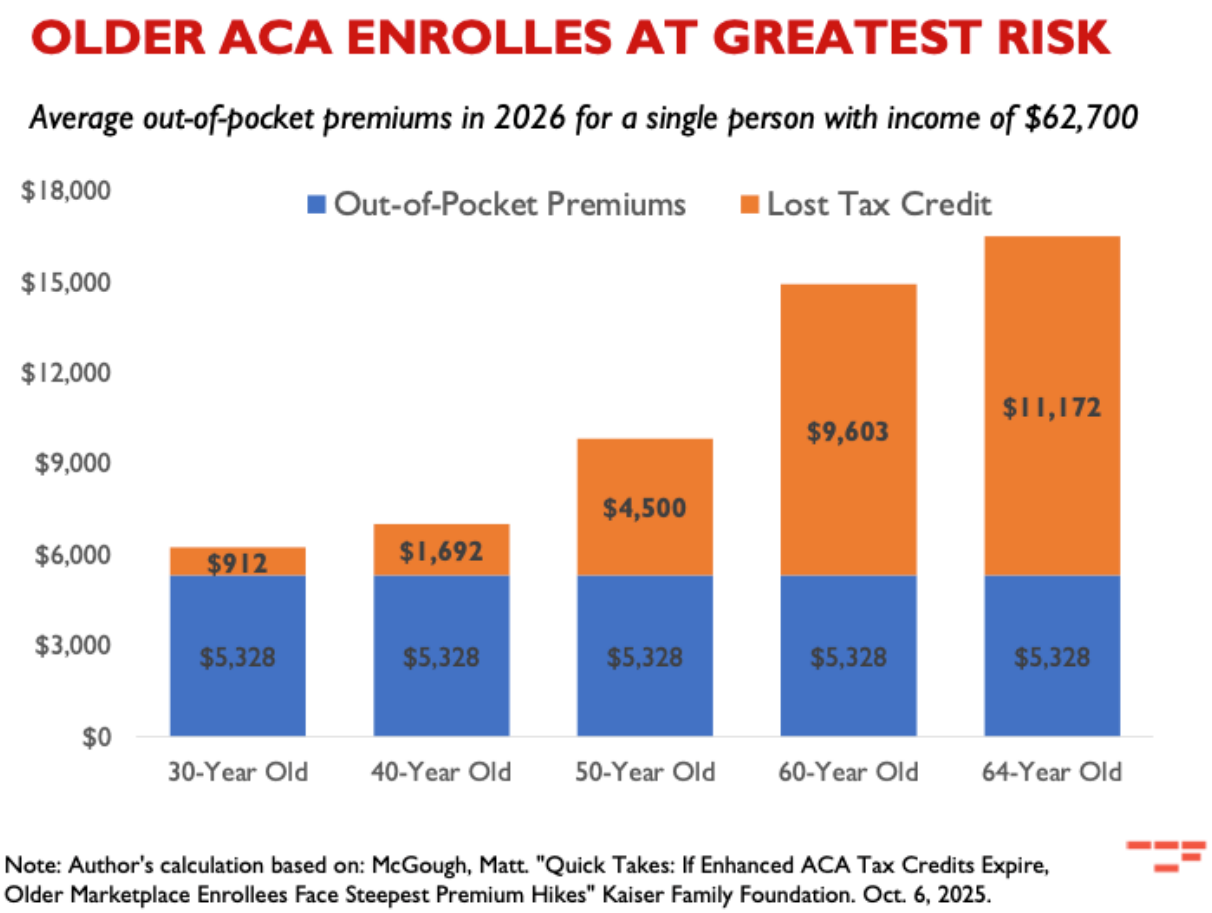
FIGURE 3.



Older Americans' Premiums Increase. Many enrollees will pay significantly more than the average increase of $1,016 due to family size, income, location—and age. Insurers can charge older people more than younger people. A sixty-year old couple with income of $50,000 (236% of the federal poverty level) would pay $2,240 more annually for the benchmark plan.

Moreover, older Americans will be much more affected by reinstating the cut-off of premium tax credits for people with income above 400 percent of the federal poverty level (which translates into $62,600 for a single person and $128,600 for a family of four this year) (Figure 4). Over half of all people who will lose tax credit eligibility altogether in January are ages 50 to 64. If that same sixty year old couple has income of $85,000 (402 percent of the federal poverty level), the average increase would be $22,635 more in 2026 for a benchmark plan. This couple would pay 27 percent rather than 8.5 percent of their household income for premiums.

FIGURE 4.



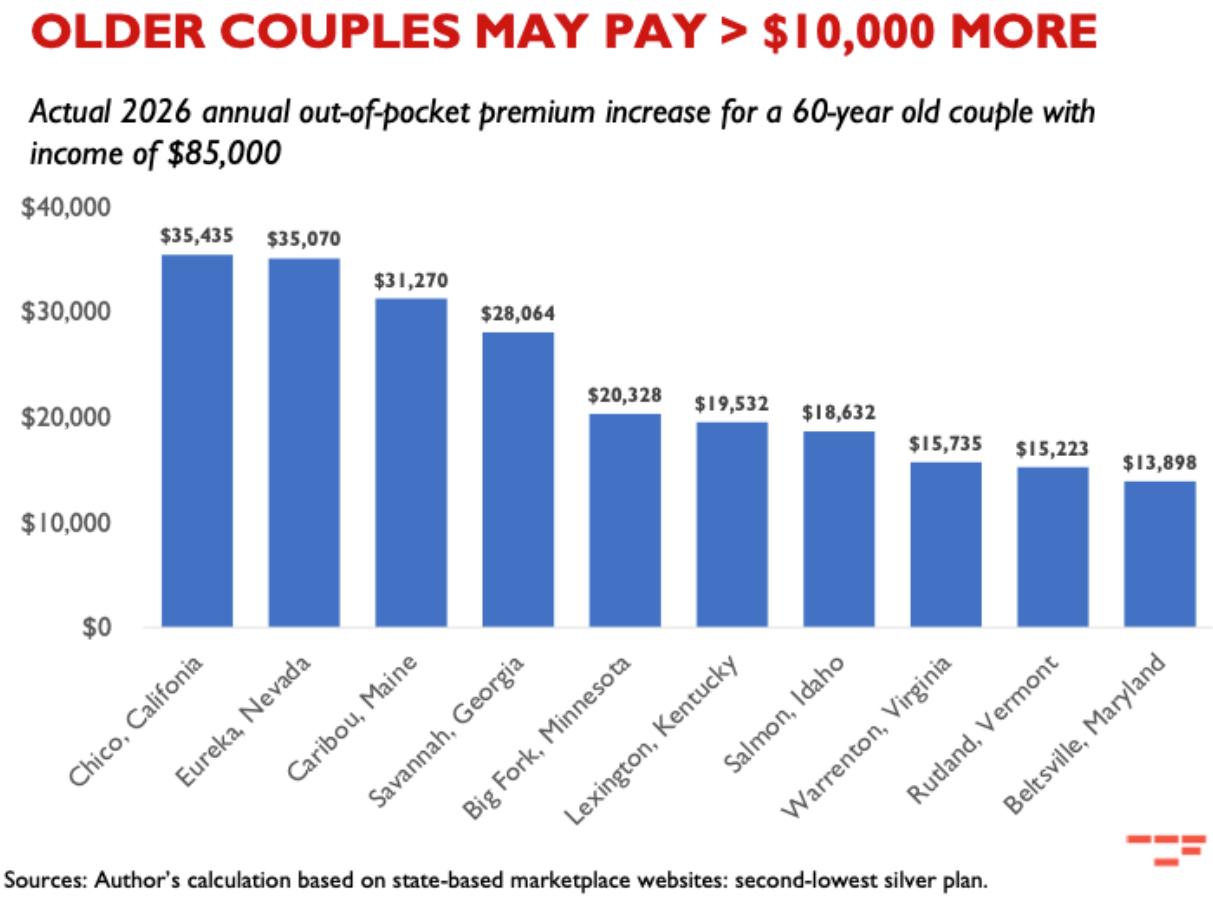
Note: Author's calculation based on: McGough, Matt. "Quick Takes: If Enhanced ACA Tax Credits Expire, Older Marketplace Enrollees Face Steepest Premium Hikes" Kaiser Family Foundation. Oct. 6, 2025.

Regional Variation in Older Americans' Premiums Increase. The increase in out-of-pocket premiums for older marketplace enrollees will vary by location. Early window shopping for 2026 plans (Figure 5) shows that a 60-year old couple earning $85,000 will pay annually for a benchmark plan:

- $28,064 more in Savannah, Georgia;
- $18,632 more in Salmon, Idaho; and
- $13,899 more in Beltsville, Maryland.

My home state of Maine, which is on many metrics the older state in the nation, will be particularly hard hit because of its residents' age, health system consolidation, and rurality.

FIGURE 5.



Sources: Author's calculation based on state-based marketplace websites: second-lowest silver plan.

Potential Impact on Older Americans

Retirement Security. Older people have relatively high health needs. As such, they are more likely to pay the extremely high marketplace premium increases to stay insured. Absorbing such large premium increases would likely cut into household budgets for basic necessities. For example, if the 60-year old couple paid the average increase of $22,635 until they enrolled in Medicare at age 65, this could cost them over 60 percent of the median lifetime retirement savings of people ages 55 to 64 of $185,000.

Access and Health. Other older marketplace enrollees will simply be unable to afford the premium hikes and will become uninsured. Lacking coverage is associated with lower use of needed health care. Studies also have found being uninsured increases a person's risk of mortality. Simply stated, the older people losing health coverage because of the reduced tax credits are at greater risk of unmet needs, worse health, and preventable death.

Medicare Costs. Uninsurance among people ages 55 to 64 also affects Medicare. Research suggests that people who were uninsured prior to enrolling in Medicare have higher needs and significantly higher costs than those who were previously insured.

In Their Own Words

Current marketplace enrollees have described what the change will mean for them. For example:

- Tracy W., a 57-year-old from Georgia: "That amount may not seem like much to the government or to the insurance companies, but for me it would most likely mean sacrificing essentials: groceries, gas, basic necessities that I rely on."

- Michael, a 54-year-old from Arizona: "If it does happen, we'll have to cut costs elsewhere and that's now digging into basic necessities, like, food, car, gas, rent. We're struggling already as it is."

- Charlene, a 60-year old from New York: "When you take away this extra help, even if it's $5 a month, that's still $5 a month, because your electric bill goes up $14 a month. People can't afford it."

- Kristen, a retired teacher from Maine: "If these health care tax credits are allowed to expire, many families will face impossible choices. People like me, caregivers, parents, those living with chronic illness, will be forced to decide between paying for their own care or covering a loved one's. Some will go into debt. Others will delay or skip essential treatment. Either way, the cost isn't just money — it's worse health, more stress and a system that lets people down when they need it most."

Potential Impact on All Americans

Market Stability and Choice. The significant impact of reduced tax credits on premiums and enrollment will affect the stability, affordability, and accessibility of the individual insurance market for people purchasing on their own without tax credits. As a result of not extending the tax credits, Marketplace enrollment next year is projected to drop by over 30 percent nationally and by more than 50 percent in Georgia, Louisiana, Mississippi, Oregon, South Carolina, Tennessee, Texas, and West Virginia. This, along with concerns about fewer consumer choices, is why the bipartisan National Association of Insurance Commissioners has urged extension of the premium tax credits.

Health System Capacity. The impact of older people losing health coverage will extend to all Americans' access to health services. In the words of the American Hospital Association, "This

loss of coverage would put considerable stress on hospitals and health systems, which will experience more uncompensated care and bad debt. There will also be an impact on the entire community, even those with coverage, because of an influx of uninsured patients into emergency departments causing longer waits, stress on the whole health care system and the inability to get the care they need."

Jobs and the Economy. There could also be an effect on jobs and the economy. A recent analysis estimates that 339,000 jobs could be lost, and state and local revenue could drop by $2.5 billion, due to failure to continue tax credits.

What's On the Horizon for Older Americans: Medicaid Changes

This testimony has focused on the ACA marketplaces and premium tax credits because of its time sensitivity. However, in the coming years, changes to the Medicaid program in the budget reconciliation law will also have profound effects on older Americans' access to health care, including those over age 65 (e.g., new asset test for nursing home care; continued obstacles to enrolling in Medicare Savings Programs). A few of the policies affecting those ages 50 to 64 are described below.

Medicaid Work Requirements. According to KFF, older Medicaid enrollees may be most at risk of losing coverage due to work requirements starting in January 2027. The percent of non-disabled, non-parent adults with Medicaid coverage that are employed or in school is 72 percent of enrollees ages 19 to 27, 66 percent of enrollees ages 27 to 49, but less than half (48%) of enrollees ages 50 to 64.

Required Eligibility Checks Twice a Year. Also starting in January 2027, people covered through the ACA's Medicaid expansion will need to have their eligibility checked every six months which will result in over $60 billion in savings over the next decade due to coverage loss, according to the Congressional Budget Office. Approximately 6 million older people are covered through the Medicaid expansion.

New Cost Sharing for Medicaid Expansion Enrollees. Starting in October 2028, Medicaid expansion enrollees with income above 100 percent of the federal poverty level may have to pay up to $35 copays for certain health services. Generally, people ages 55 to 64 have health costs that are three times higher than those of adults ages 18 to 24. As such, older Medicaid expansion enrollees will likely disproportionately pay more or forego care due to this policy. This, along with reduced coverage in the marketplaces, will likely increase medical debt.

Conclusion

American people want clear choices and affordable options when it comes to health care and coverage. The policies and proposals being considered by this Committee may offer them that.

However, one proposal—extending tax breaks for private insurance—is at the forefront of the debate and merits attention as well as bipartisan support. It is straight out of a traditional conservative's playbook. It expands private coverage, leverages the tax code, and sets the amount of federal assistance through private plan competition. It requires no new government workers or bureaucracy to implement. And it reduces uncompensated care for hospitals, doctors, clinics, and other providers. It also meets progressives' goals of supporting coverage that provides meaningful benefits, limited cost sharing, and income-related premium support. ACA plans provide peace of mind to people with pre-existing conditions and their families. While improvements to ACA plans can and should be made, marketplace tax credits as currently designed have proven they can work and they should be extended.

Thank you for the opportunity to present this testimony.