



THE STATE
of **ALASKA**
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March 21, 2025

The Honorable Genevieve Mina
Chair, House Health & Social Services Committee
Alaska State Capitol, Room 416
Juneau, AK 99801

Dear Chair Mina:

During the March 18 House Health and Social Services Committee hearing on House Joint Resolution 9, there were member questions to which the Division of Insurance was to provide a written response. Our response follows:

Questions from Rep. Schwanke:

- What were the average savings for participants when the expansion credits went into effect?

Prior to the enhanced subsidies, Alaskans with a tax credit received about \$632 per month. After the enhanced credits went into effect, Alaskans received an average \$690 per month.

- How many of the credit recipients were uninsured prior to the credit expansion?

It is unknown how many individuals were uninsured prior to finding coverage on the individual marketplace. Alaska's uninsured rate went from 15.3 percent in 2019 to 14.2 percent in 2022. (Kaiser Family Foundation analysis of the American Community Survey, <https://www.kff.org/report-section/key-facts-about-the-uninsured-population-appendix/>)

- What are the annual numbers of qualifiers since its inception in 2021?

Using reporting from the Centers for Medicare and Medicaid Services (CMS), the number of Alaskans receiving Advanced Premium Tax Credits is as follows:

2021 – 13,923
2022 – 18,248
2023 – 19,854
2024 – 21,764

Question from Rep. Prax:

- How could premiums increase more than 100 percent due to a change in tax credit eligibility?

This may best be illustrated through an example. Our first example, which assumes the enhanced subsidies are in effect, is a 50-year-old individual making \$32,918 annually, which is 175percent of the Federal Poverty Level (FPL). That FPL means they are responsible for spending 1percent of their income on their insurance premium:

- Second lowest cost silver plan insurance premium = \$1,415/month
- Consumer premium = $\$32,918 / 12 * 0.01 = \$27/\text{month}$
- Current Enhanced subsidy = $\$1,415 - \$27 = \$1,388/\text{month}$

In our second example, if enhanced subsidies were eliminated, our 50-year-old is responsible for spending 4.69 percent of their income on their insurance premium:

- Second lowest cost silver plan insurance premium = \$1,415/month
- Consumer premium = $\$32,918 / 12 * 0.0469 = \$129/\text{month}$
- Subsidy = $\$1,415 - \$129 = \$1286/\text{month}$

These examples demonstrate how the individual's premium increased from \$27 to \$129 per month, an increase of 378 percent, just because of the change in the subsidies, even though their annual income did not change.

Question from Rep. Ruffridge:

- What is the impact of the enhanced premium tax credits?

The enhanced subsidies add benefits for individuals earning above 400 percent FPL as well as increasing benefits for individuals earning below 400 percent FPL. The following table provides total enrollment figures by FPL range (both APTC and non-APTC):

2024 Open Enrollment Period Public Use File

FPL Range	Enrollment (Alaska)
< 100%	276
>=100% to <= 150%	2,317
>150% to <= 200%	4,323
>200% to <= 250%	4,808
>250% to <= 300%	3,661
>300% to <= 400%	4,930
>400% to <= 500%	1,978
>500%	3,214
Other/Unknown FPL	1,957

The subsidy that the premium tax credit provides is money that individuals are not paying to insurance companies as monthly premium. The federal government transfers the funds to insurers to make up the difference. CMS provided the total amount of 2024 APTC of \$233,364,569 in a March 19, 2025 report.¹ The same report projects 2025 APTC as \$286,611,279.

The current focus with Premium Tax Credits is on the difference between the “original” with slight adjustments versus the enhanced premium tax credit structure. The following charts display the different contribution levels between enhanced and original tax credits.

Contribution Levels (amount premium is limited based on income)

1. American Rescue Plan / Inflation Reduction Act (ARP/IRA) – “Enhanced”

FPL Range	Contribution Level (% of income)
< 150%	0%
150% to 200%	0 – 2%
200% to 250%	2 – 4%
250% to 300%	4 – 6%
300% to 400%	6 – 8.5%
>400%	8.5%

2. Congressional Budget Office (CBO) estimate for 2025² - “Original”

FPL Range	Contribution Level (% of income)
< 133%	1.82%
133% to 150%	2.73 – 3.64%
150% to 200%	3.64 – 5.73%
200% to 250%	5.73 – 7.33%
250% to 300%	7.33 – 8.65%
300% to 400%	8.65%
>400%	FULL Amount of premium

In January 2025, CMS provided data regarding the difference in subsidies between enhanced and original subsidies based on 2024 Open Enrollment data.³ Alaska had approximately 23,400 individuals receiving APTCs. The average net premium with enhanced subsidies was \$122/month. Without the enhanced subsidies, the average net premium would be \$275/month. This represents 23,400 x 12 x (\$275 - \$122) = \$42.96M additional premiums for Alaskans if everybody continued coverage.

Please advise if we can provide any further assistance on this topic.

¹ <https://www.cms.gov/files/document/1332-key-components-2025-pass-throughv1.xlsx>

² <https://www.cbo.gov/system/files/2024-06/60437-Arrington-Smith-Letter.pdf> (Table 1)

³ <https://www.cms.gov/files/document/2024-oep-arp-ira-savings-state-county.xlsx>

Sincerely,

A handwritten signature in blue ink, reading "Lori Wing-Heier". The signature is fluid and cursive, with the first name "Lori" being more prominent and the last name "Wing-Heier" following in a similar style.

Lori Wing-Heier
Director

cc: Lizzie Kubitz, Legislative Liaison, DCCED
Jordan Shilling, Director, Governor's Legislative Office