

MEMO Published June 11, 2025 • 5 minute read

Republicans' Hidden Hit to Health Care for the Middle Class



Blair Elliott, Health Policy Advisor, Darbin Wofford, Deputy Director of Health Care, David Kendall, Senior Fellow for Health and Fiscal Policy

During the fierce debate in the House over the budget reconciliation bill, Republican leadership snuck in a last-minute change that will raise health insurance premiums for people who purchase coverage through the Affordable Care Act's (ACA) individual Marketplace.

The bill would end a practice called “silver loading,” which has lowered premium costs and improved coverage quality for those with ACA coverage, especially middle-class enrollees. In this memo, we explain what silver loading is and why ending it would mean a significant hit to the wallets of middle-class families.

Where did “Silver Loading” come from?

When the Affordable Care Act created the individual Marketplace for people to purchase health insurance, it was accompanied by two key affordability measures. Premium tax credits are refundable credits which help families pay for health insurance premiums. And “cost-sharing reductions” (CSRs) lower out-of-pocket costs for low-income enrollees making between 100-250% of the federal poverty line (an income between \$27,00 and \$67,000 for a family of three). Notably, CSRs only apply to those who have silver plans with moderately higher deductibles.

For example, people that qualify for cost-sharing reductions pay \$15 or \$20 for a doctor’s appointment that would otherwise be \$30, or \$15 for a \$40 brand-name prescription drug. Cost-sharing reductions also decrease the maximum amount that a patient must pay out-of-pocket in a year.

During the Obama Administration, the federal government reimbursed health plans for providing cost-sharing reductions to eligible enrollees. However, in an attempt to weaken the ACA, the first Trump Administration halted these payments to plans, claiming that Congress had not appropriated them. Because health plans were still required by law to provide cost-sharing reductions, they continued to do so without federal reimbursement.

To recoup their costs, health plans incorporated cost-sharing reductions into the cost of the premiums for silver plans, a practice known as “silver loading.” This practice let working-class families in the ACA keep their cost-sharing reductions and benefitted the middle class as well.

How does the middle class benefit?

In addition to helping working-class families, silver loading benefits middle-income enrollees with incomes above 250% of the federal poverty level (\$67,000 annually for a family of three).

Here’s why:

- Most people with ACA coverage receive premium tax credits, which significantly lower the cost of annual premiums for families.
- The total amount of the tax credit is determined based on the family’s size, income, *and* on the cost of the second-lowest cost silver plan available to them.
- A higher-cost silver plan, therefore, means an increased benchmark for determining an enrollee’s premium tax credit amount. And a higher benchmark increases the overall tax credits for whatever coverage type a family chooses.

Though silver plan premiums are high for middle-income families who do not receive cost-sharing reductions, they can choose other metal tier plans that are a better value for them. Silver-loading substantially lowers the cost of other metal-tier plans, allowing middle-class families to purchase bronze plans for very little (even at times, for free) or higher-quality gold and platinum plans at a more affordable cost. Overall, silver loading lowers costs and improves coverage quality for middle-class families while retaining critical cost-sharing reductions for the working class.

Ending silver loading will spike costs.

Despite its benefits to consumers, Republicans in Congress are proposing to end silver loading. The House's reconciliation bill would revert to federally funded cost-sharing reductions. While low-income families would still have CSR protections, middle-class families would see higher premiums.

In response to a return to federally funded cost-sharing reductions, ACA plans would lower premiums for silver plans since they would no longer need to recoup the cost of providing those cost-sharing reductions. Overall costs would remain mostly steady for working-class families, as they would still receive their cost-sharing reductions. But, since premium tax credits are tied to the cost of silver plans, middle-class families would see their premium tax credit amounts shrink drastically as the cost of the benchmark silver plans dip.

To illustrate the impact, a typical middle-class family of three with an income of \$67,000 would be paying an extra \$1,573 per year for their health insurance through the Marketplaces if the GOP bill were in effect this year. That is based on the non-partisan Congressional Budget Office's (CBO) estimate that the GOP bill would lower silver plan benchmark premium by 12.7% as of 2034, which would decrease the amount of a family's premium tax credit by that same percentage. Overall, nearly 11 million people would pay more in premiums, representing 44% of all ACA enrollees. And red states like Alaska, Texas, Florida would be particularly hard hit.

Many people will lose coverage because of increased costs. According to CBO, ending silver-loading alone will cause 300,000 people to lose coverage out of the 16 million people losing coverage overall from GOP policies. That estimate also includes 4.2 million losing coverage from the GOP failing to extend the enhanced version of ACA tax credits expiring at the end of the year. These credits have capped the cost of coverage for all enrollees, regardless of income, since 2021.

Conclusion

The Republican budget bill is an all-out assault on affordable health care for working and middle-class Americans. It cuts health care for working class families with Medicaid coverage, ends the cost savings for middle-class families from silver-loading, and fails to extend the cap on health insurance costs for

middle-class families. It will bankrupt the nation with bigger deficits and bankrupt families by driving them into medical debt.