Congressional Budget Office
Cost Estimate

December 10, 2025

S. 3385 would authorize an extension through 2028 of the premium tax credit structure provided in the American Rescue Plan Act of 2021 and later extended through calendar year 2025 by the 2022 reconciliation act. The advanceable and refundable premium tax credit reduces out−of-pocket costs for the premiums enrollees pay for health insurance obtained through the marketplaces established by the Affordable Care Act.

Estimated Budgetary Effects of S. 3385, the Lower Health Care Costs Act
As introduced in the Senate on December 8, 2025

	By Fiscal Year, Millions of Dollars											
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2026-2030	2026-2035
Increases or Decreases (-) in Direct Spending												
Estimated Budget Authority	16,993	27,044	22,458	-2,411	-24	48	670	0	0	0	64,060	64,778
Estimated Outlays	17,053	27,533	23,220	-2,812	57	-546	262	0	0	0	65,051	64,767
Increases or Decreases (-) in Revenues												
Estimated Revenues	285	-2,907	-6,346	-9,140	-259	107	85	32	9	3	-18,367	-18,131
On Budget Revenues	*178*	*-4,289*	*-8,447*	*-10,422*	*-516*	*112*	*89*	*34*	*9*	*3*	*-23,496*	*-23,249*
Off-Budget Revenues[a]	*107*	*1,382*	*2,101*	*1,282*	*257*	*-5*	*-4*	*-2*	*	*	*5,129*	*5,118*
Net Increase (-) or Decrease in the Deficit From Changes in Direct Spending and Revenues												
Effect on the Deficit	16,768	30,440	29,566	6,328	316	-653	177	-32	-9	-3	83,418	82,898
On-Budget Deficit	*16,875*	*31,822*	*31,667*	*7,610*	*573*	*-658*	*173*	*-34*	*-9*	*-3*	*88,547*	*88,016*
Off-Budget Deficit[a]	*-107*	*-1,382*	*-2,101*	*-1,282*	*-257*	*5*	*4*	*2*	**	**	*-5,129*	*-5,118*

Sources: Congressional Budget Office; staff of the Joint Committee on Taxation.
* = between -$500,000 and zero; ** = between zero and $500,000.
a. Off-budget effects would come from changes in Social Security revenues.

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For this estimate, CBO assumes that the bill will be enacted by December 15, 2025.

CBO estimates that enacting S. 3385 would increase the number of people with health insurance by 0.4 million in 2026, 3.0 million in 2027, 4.0 million in 2028, and 1.1 million in 2029, relative to current law. The 4.0 million increase in 2028 would result from changes in several types of coverage:

- 6.2 million more people would be enrolled through the health insurance marketplaces established by the Affordable Care Act,
- 0.4 million more people would be enrolled in Medicaid and the Children's Health Insurance Program combined,
- 0.5 million fewer people would purchase nongroup coverage outside the marketplaces, and
- 2.1 million fewer people would have employment-based coverage.

See also
CBO's Cost Estimates Explained, *CBO Describes Its Cost-Estimating Process*, *Glossary*

CBO also estimates that in 2026, gross premiums for benchmark plans in the marketplaces would be unchanged relative to current law, but they would be lower by 5.7 percent, 9.0 percent, and 3.3 percent in 2027, 2028, and 2029, respectively, relative to baseline projections. (Gross premiums reflect the amount before a tax credit is applied.) The estimated decline for benchmark premiums arises from the expectation that, on average, people who enroll in the marketplaces would be healthier than would be the case without the extension. Finally, gross premiums for the 2026 plan year are unchanged in CBO's current estimates because those premiums have already been set for the 2026 plan year.

This estimate reflects CBO's expectation that some effects on enrollment and premiums would persist beyond the availability of the expanded credit.

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