



RELEASED: December 22, 2025

Working Families Tax Cuts Act (WFTCA), Section 71302: Guidance for Plan Year 2026

This document refers to [Public Law \(P.L.\) 119-21](#), known as the Working Families Tax Cut Act (WFTCA), which was signed into law on July 4, 2025. Specifically, this guidance focuses on Section 71302 of the WFTCA, which disallows the premium tax credit (PTC) for individuals who are ineligible for Medicaid due to their immigration status and who have annual household income below 100 percent of the federal poverty level (FPL). This provision is effective for Plan Year (PY) 2026, and this document describes its impact on Exchanges.

Section 71302: Disallowing PTC for individuals who are ineligible for Medicaid due to their immigration status and who have annual household income below 100 percent of the FPL

Section 71302 of the WFTCA amends 26 U.S.C. 36B(c)(1) by striking subparagraph (B) which provided that a taxpayer could be an “applicable taxpayer” and therefore allowed PTC if they both had household income below 100 percent of the FPL and was a lawfully present noncitizen who was not eligible for Medicaid due to their immigration status.

Because Section 71302 of the WFTCA removes 26 U.S.C. 36B(c)(1) subparagraph (B), individuals who are ineligible for Medicaid due to immigration status and have income below 100 percent of the FPL are no longer allowed PTC. As described in PPACA Section 1411/42 U.S.C. 18081(a)(2)(A), because Exchanges are required to determine eligibility for advance payments of the premium tax credit (APTC) based on whether an individual meets the income under section 36B, these individuals are also ineligible for APTC through an Exchange. Additionally, 42 U.S.C. 18071(g)(2) requires PTC to be allowed for an individual in order for that individual to receive income-based cost-sharing reductions.

Consumers in this population will still be eligible to enroll in a full-price plan through an Exchange if they meet the Qualified Health Plan (QHP) eligibility requirements.

Section 71302 is effective for taxable years beginning after December 31, 2025, and Exchanges are therefore required to implement this change beginning with eligibility determinations for the 2026 plan year. Section 71302 is self-effectuating, and CMS may issue formal regulations to update Exchange eligibility rules at 45 CFR 155.305.