

# *Managing the Undertow of Shifting Health Insurance Markets*

**The Health Care Landscape: Setting the Stage for 2026 and Beyond**  
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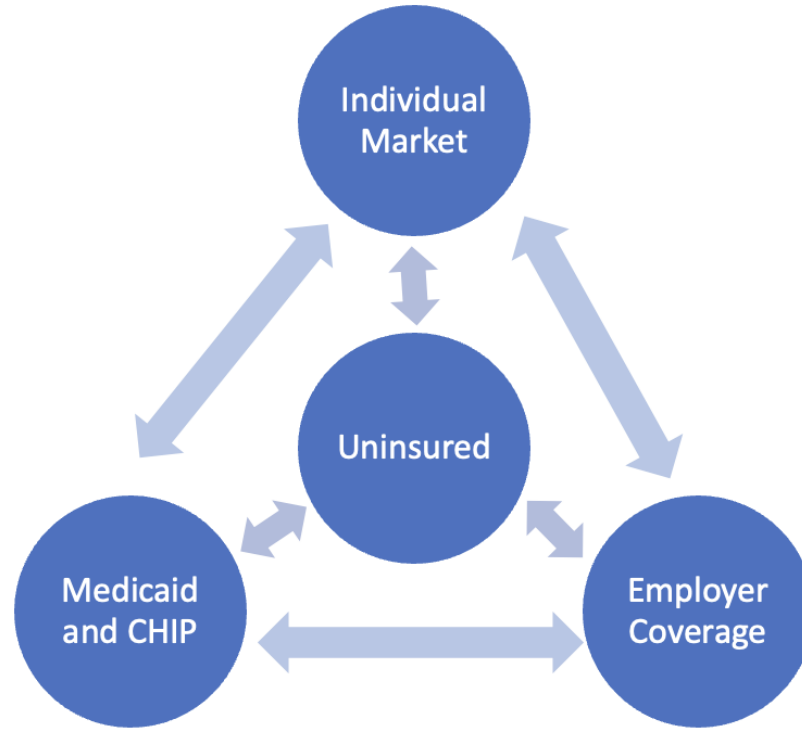
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# Agenda

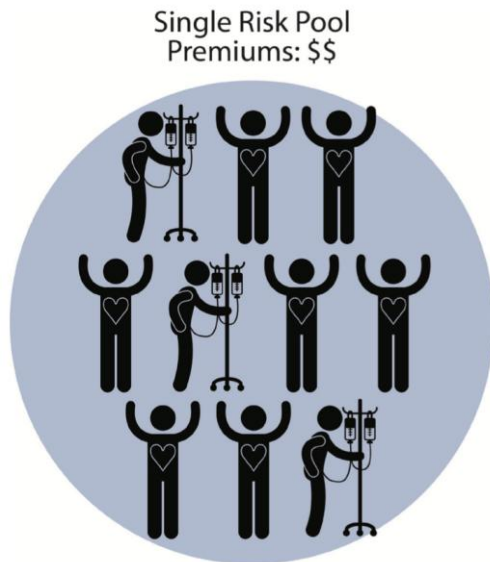
- The interconnectedness of health coverage sources
- Market stability considerations
- Key drivers of 2026 premium changes
- Key policy changes that impact premiums

# Interconnectedness of Health Coverage Sources for the Under-65 Population



# Market Stability—Core Concepts

## Key Components of a Stable Market & Risk Pooling



Adequate enrollment

Balanced risk pool

Reliable/Predictable  
framework

Risk: adverse selection

# Market Stability in the Individual Market

## Federal and State Policies That Could Promote Stability

Increase the size of the market, bringing in healthier risks

- e.g. merging of markets

Affordability initiatives

- e.g., premium tax credits and cost-sharing subsidies

Risk sharing/mitigation programs

- e.g., reinsurance, invisible high-risk pools

Uniform market rules, stable laws and regulatory oversight

- e.g., rate review, financial solvency requirements, consumer protections

Policies that reduce leakage of healthier risks

- e.g., limitations on plans not meeting single risk pool requirements

Transparency requirements

- e.g., transparency of health care and drug prices

# Key Drivers of 2026 Premium Changes in the Individual Market

Trend

Risk Pool  
Composition

Other  
Factors

# Potential Drivers of 2026 Premium Changes

## Medical trend factors

### Inflation

- Cost of health care services continue to increase

### Continued growth in drug spending

- Higher unit price growth
- New and expensive gene, cell, and biologic therapies
- Increased demand for weight-loss drugs, if covered

### Increased use of behavioral health services



# Potential Drivers of 2026 Premium Changes

## Risk composition factors—Individual Market

### Fluid legislative/regulatory environment

- Legal actions may still impact rates
- Impact varies by state due to local market dynamics and state-based policies
- Uncertainty

### Market integrity rule

- Tightened enrollment and verification procedures raise adverse selection concerns → higher premiums

### Expiration of enhanced premium tax credits

- Expected to reduce enrollment significantly → increased adverse selection → higher premiums

### Medicaid redeterminations

- Experience of former Medicaid enrollees currently in ACA marketplace now included in claims experience used to develop 2026 rates
- Depending on the state, it could improve or worsen the risk pool

# Market Stability in the Individual Market

## Policy changes that could threaten stability

- Expiration of enhanced premium tax credits
  - Will likely raise net premiums, lower enrollment, and increase adverse selection
- Stricter eligibility requirements
  - Will likely lower enrollment and increase adverse selection
- Increased availability of non-compliant plans
  - Could expand consumer choice in the short term, but would likely draw healthy people out of the regulated market and increase adverse selection
- Incentivizing cross-state insurance sales
  - Weakening state oversight could undermine stability in states with stronger rules

Potential impacts: Higher premiums, reduced insurer competition, and less consumer choice

# Market Stability in the Individual Market

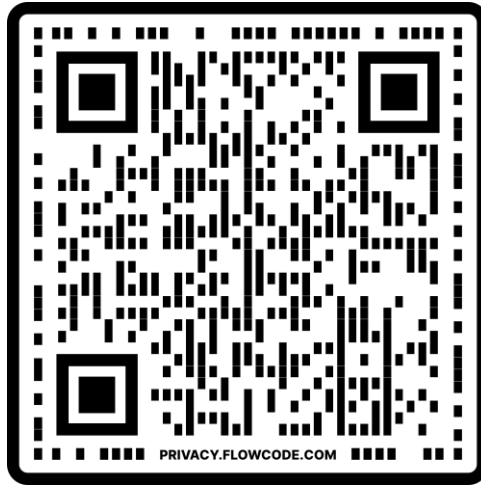
## Policy changes that could improve stability

- Extending the enhanced premium tax credits
- Expanded use of Individual Coverage Health Reimbursement Arrangements (ICHRA)
  - Could improve overall risk pool and reduce premiums in the individual market if used by a broad cross-section of employees to purchase coverage
  - Employers are more likely to offer ICHRA when the individual market is affordable and stable
- Reinsurance or invisible high-risk pools
  - Offsetting high-cost claims could lower premiums and increase enrollment, especially among those ineligible for premium tax credits
  - The funding source of these programs is key

# Key Takeaways

- Impact varies by state
- Cross-market interconnectedness is critical—policy decisions regarding Medicaid and employer coverage can ripple through the individual and small group markets
- Market stability is foundational to affordability, competition, and consumer access in the individual market
- Premium increases in 2026 are likely due to rising medical costs, increased drug spending, and worsening risk pools
- Policy decisions matter—expiration of enhanced tax credits and stricter eligibility verification rules could significantly reduce enrollment and increase premiums
- Early policy clarity helps insurers price more accurately and avoid unnecessary volatility

# Appendix: Resource Guide on Health Insurance Market Dynamics



[Health Insurance Market Dynamics: A Resource Guide](#) (July 2025)

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# Thank You!

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