

Meet Our Experts



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Today's Agenda

- Introduction
- Overview of NBPP
- Key Changes Beyond NBPP for 2027
- 2027 NBPP Pricing Consideration
- 2027 NBPP State Considerations



Overview of Proposed NBPP Changes in 2027

The proposed rule would change marketplace eligibility, enrollment, and plan design policies to:

Expand availability of lower premium plans with higher out-of-pocket caps

- Expanded availability and duration (up to 10 years) of catastrophic plans,
- Higher out of pocket caps for catastrophic and bronze plans
- Non-network plans

Enhance accountability on regulators, marketplaces, and brokers

- New state marketplace oversight program and EDE options
- Defrayal of costs for state mandates exceeding EHB
- New network oversight opportunities

Target program integrity concerns (and reissued from last year's rule)

- Pre-enrollment special enrollment period verifications
- Income verifications for <100% FPL and other populations
- Removal of subsidies due to FTR after one year

Codify eligibility and tax changes in the One Big Beautiful Bill Act (OBBBA)

- Immigrant eligibility changes (including five-year bar population and lawful presence statuses)
- Removal of excess advance premium tax credit (APTC) repayment caps

Today's presentation will focus on the rule provisions most impactful on enrollment and pricing.

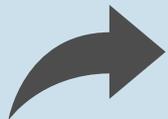
2027 Context

Multiple Other Changes Are Expected to Affect Enrollment, Premiums and Operations in 2027

- Enhanced Premium Tax Credit Expiration (ePTC)
 - CBO expects it will take multiple years for
- OBBBA (reconciliation bill)
 - Reduction in eligibility for certain legal immigrants
- Program Integrity Rule (PI rule)
 - Shorter Open Enrollment

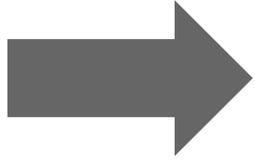
All expected to put downward pressure on enrollment and upward pressure on morbidity

CBO estimates that non-group enrollment is estimated to decrease from 25.4 million in 2025 to 16.9 million in 2027 (- 33%)



Note uncertainty sources: ongoing PI rule litigation, additional regulations, potential legislation, economic/political uncertainties

2027 NBPP Key Enrollment Provisions



CMS estimates proposed 2027 NBPP provisions could reduce Marketplace enrollment up to 2 million individuals in 2027

Impacts are difficult to isolate because the rule also implements provisions from OBBBA.

NBPP Policy Changes

- Multiple regulatory provisions included in proposed 2027 rule
- Implementation of OBBBA provisions complicates attribution of enrollment impacts
- Combined policy effects may influence eligibility, subsidies and enrollment stability

Data Matching Changes

- Enhanced income verification requirements
- Triggered when income data sources show income **below 100% FPL** or when data are unavailable

CMS: approx. 500,000 potential disenrollment

Additional Factors

- Ongoing Public Integrity (PI) rule litigation
- Additional regulatory actions under consideration
- Potential legislative changes
- Broader economic and political conditions

NBPP: State Impacts and Considerations

All States

- Resuming **State Defrayal of Essential Health Benefits (EHB)**
- **Rate Filing Justification (Silver-loading)**

State-Based Marketplaces (SBMs & SBM-FPs)

- **New authorities** (if elected)
 - **State-defined network adequacy standards** (federal quantitative time and distance standards removed)
 - Apply **state-led ECP threshold**
 - Exercise broader discretion in certifying **non-network plans**
- **New responsibility tradeoff**
 - **State Exchange Improper Payment Measurement (SEIPM)**
 - **Operational costs** for new eligibility and enrollment functions
 - **Income Verification** when IRS tax data is unavailable (removal of attestation option)
 - 1-year **FTR-Policy** (PY 2028 for SBEs)

Healthcare.gov States (FFM)

- **Optional new authorities** (if elected)
 - **Effective Provider Access Review Program**
 - **Effective ECP Review**
 - Tailor access and ECP oversight to state-specific conditions
 - Allow **standardized plans** under state authority

Considerations For SBMs and States Conducting Rate Review

THE 2027 NBPP, TOGETHER WITH THE RE-PROPOSAL OF SEVERAL MARKETPLACE INTEGRITY PROVISIONS CURRENTLY SUBJECT TO LITIGATION, CREATES A DYNAMIC AND UNCERTAIN POLICY ENVIRONMENT FOR STATES. THESE UNCERTAINTIES HEIGHTEN THE IMPORTANCE OF **REAL-TIME MONITORING, ATTRIBUTION, AND ANALYTIC CAPACITY** TO INFORM REGULATORY AND OPERATIONAL DECISION-MAKING.

Use rate review as an effective tool to review and monitor premiums. Using tools above adjust if changes in policy environment

- Consider policy attribution memoranda or narrative exhibits to distinguish effects of federal policy changes in enrollment, morbidity, or premiums from underlying market or demographic changes
- Request actuarially certified analysis or historical data to justify rate behavior

Dashboards and reporting tools to monitor consumer behavior and how it differs from prior experience: disenrollment rates, DMIs and resolution rates (OE vs SEP), APTC suspensions (income, immigration status), buy-downs, etc.

These considerations and data collected now can also help inform 2028 rates for changes like pre-enrollment verification and changes in Medicaid

Future: Medical Loss Ratio (MLR) Policy Direction and Market Implications



Reevaluation of MLR Standards

HHS is reconsidering the 80% MLR requirement and the three-year reporting period to better balance consumer protection and issuer sustainability.

Reducing Administrative Burden

HHS aims to streamline data submission and reduce compliance costs to ease issuer reporting requirements.

Market-Specific Adjustments

Evaluative criteria may be modified to consider state-specific factors like enrollment size and provider costs.

Potential Structural Changes

HHS is exploring regulatory changes to allow federal adjustments of state MLR standards without state requests.

Future: Essential Health Benefits (EHB) Benchmarks and State Flexibility

HHS Suspension of Benchmark Updates

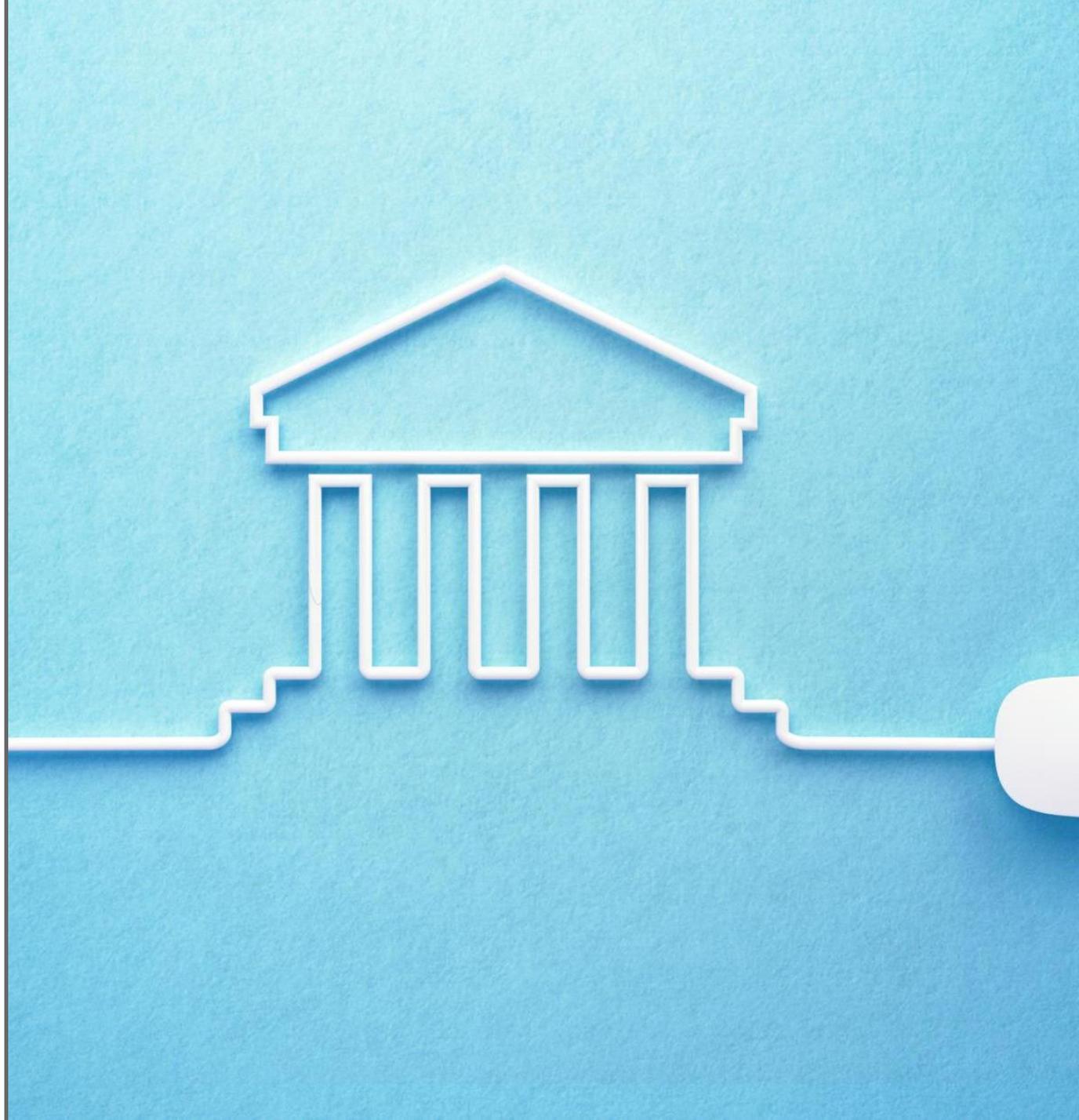
HHS paused acceptance of state EHB benchmark updates to conduct a comprehensive internal review of standards and requirements.

Impact on States' Benchmark Plans

States face frozen benchmarks affecting plans meant to address clinical standards, coverage gaps, and premium management.

Future Uncertainty and Policy Reconsideration

Future rulemaking may revisit benchmarks, update processes, impacting benefit mandates, affordability, and state flexibility.



Future: Issuer Premium Payment Threshold

Premium collection and Grace Periods

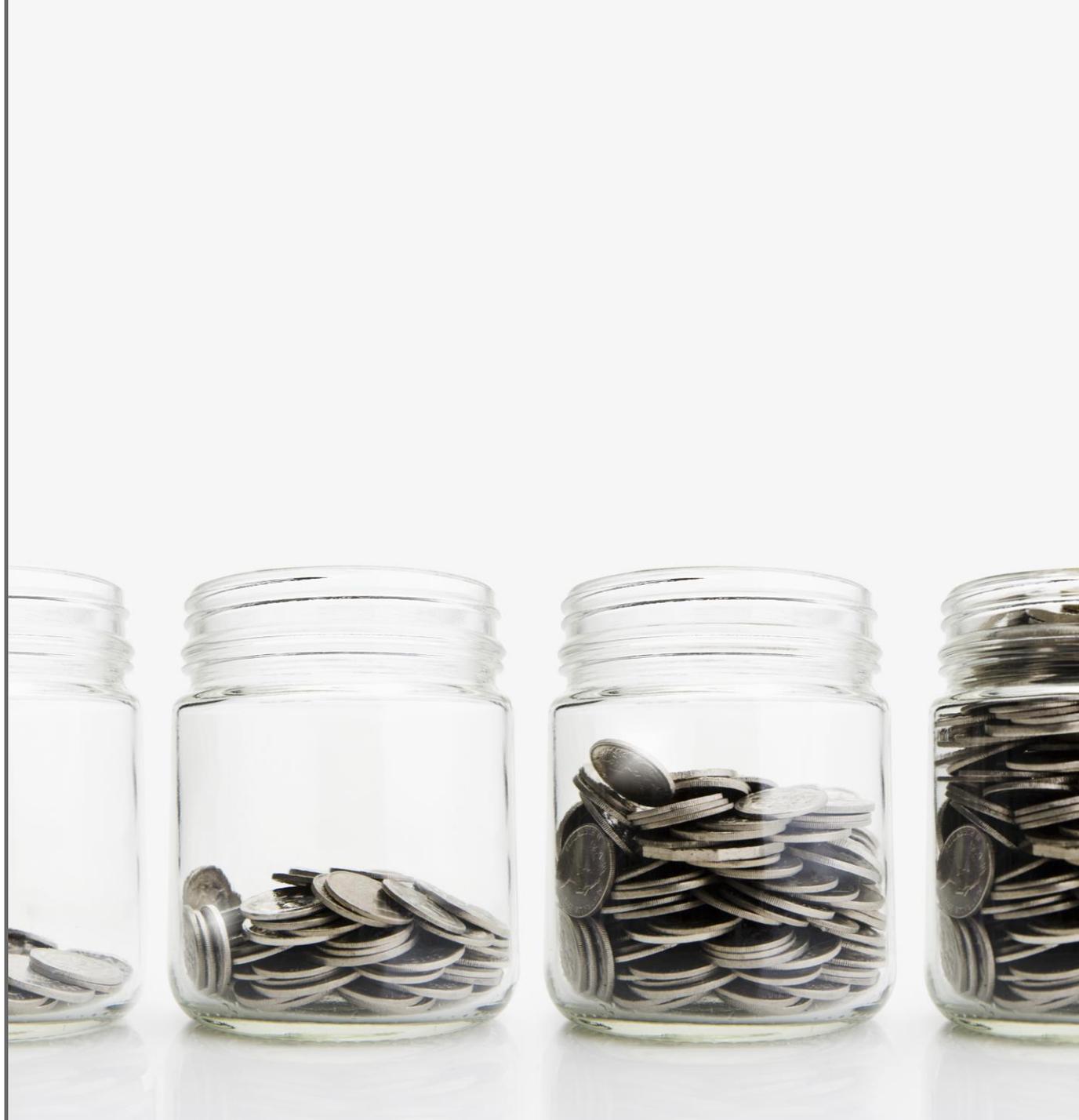
- PY 2026- 95% Net premium percentage-based premium threshold. (MIA rule)
- PY 2027 options - Fixed-dollar (\$10) and/or either 95% net or 98% gross premium percentage-based thresholds; these premium payment thresholds may not be applied to the binder payment.

Consumer Impact

Absent flexibility, fewer consumers would be permitted to pay less than the full premium, which could result in more consumers entering grace periods or losing coverage. All while premiums and out-of-pocket costs are rising

Uncertainty on Future Regulation

HHS seeks comment on whether they should regulate/discontinue the options for issuers for PY 2027 and beyond; and what flexibility SBMs should have.



What CMS Did Not Include in the NBPP

CMS DID NOT PROPOSE THE FOLLOWING PROGRAM CHANGES:



Changes to current **Section 1332 waiver** requirements

- Section 1332 State Innovation Waivers: Can waive part of the ACA and receive pass-through funding if the waiver programs reduces premiums; states with reinsurance programs can also further innovate.
- Under the first Trump Administration, 1332 waiver standards were relaxed, allowing greater state flexibility



Regulations related to **Section 1333 healthcare choice compacts**

- Section 1333 Health Care Choice Compacts: Potential for regulatory flexibility
- Current Administration consulted with NAIC in 2025

Pricing Considerations

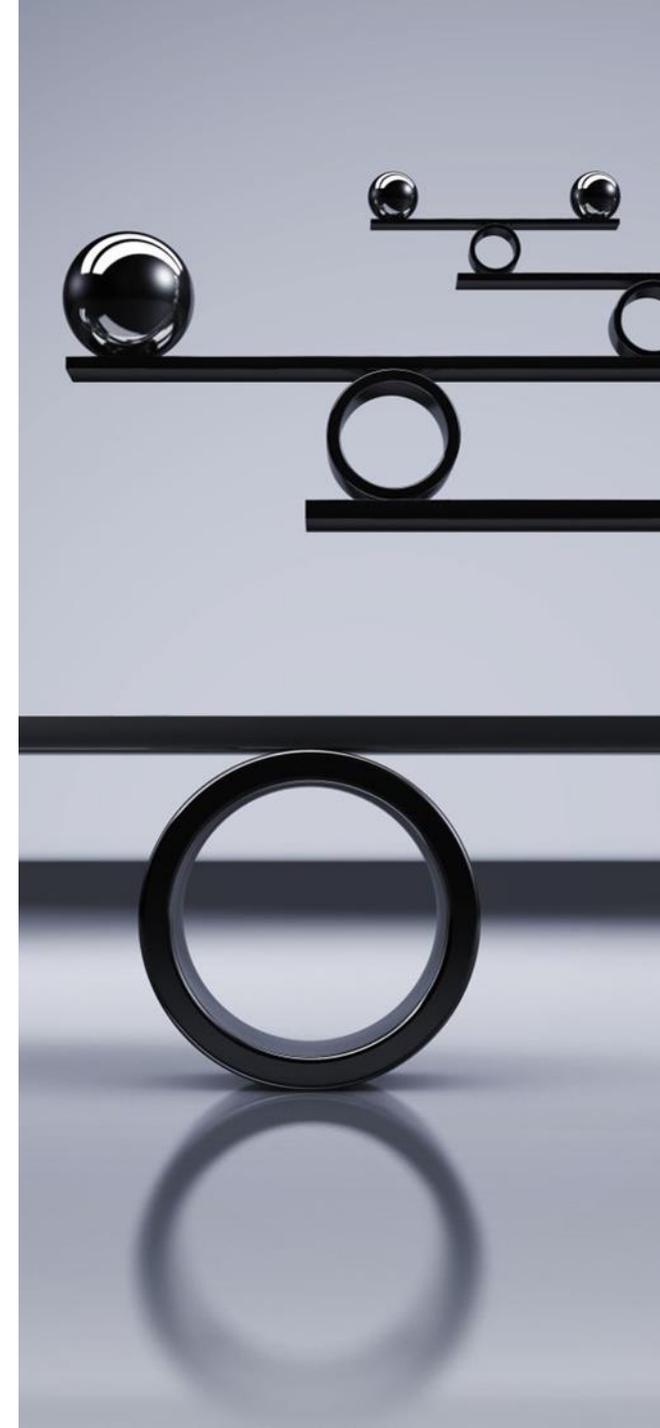


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Key Pricing Considerations

Outstanding Policy and Market Questions

- Bronze plan flexibility
- CSR reconciliation and silver loading policies
- Non-network plan options
- Catastrophic coverage
- Essential Health Benefits (EHB) requirements
- Other potential changes (market mix & risk adjustment)



2027 NBPP Introduces New Bronze Design Flexibility

Expanded Cost-Sharing Design Options

- The **2027 NBPP** allows additional flexibility in **Bronze cost-sharing structures**, including higher allowable MOOP levels.
- Wakely estimates increasing **MOOP (and deductible)** from **\$12,000 to \$15,600 could reduce AV by ~6%**.

Pricing Implication

- Lower AV enables **lower premium Bronze offerings**, but savings may not fully translate into reduced claims costs.



Do premium reductions from higher MOOP exceed the combined impact of claims, risk mix, and risk adjustment dynamics?

Strategic and Operational Considerations for Carriers



Participation Strategy May Evolve

- Some carriers may **exit Bronze offerings** due to: Lower premium levels, risk selection/risk adjustment uncertainty
- Reduced issuer participation could lead to **unexpected enrollment concentration** among remaining Bronze carriers.



Operational & Benefit Strategy Considerations

- Whether **alternative Bronze designs justify administrative complexity**
- Competitive response if **other carriers introduce lower-premium Bronze plans**
- **If pursuing, consider what benefit design features** (e.g., pre-deductible primary care) that support risk adjustment performance

CSR Reconciliation and Silver Loading

2025 Data

Issuers report actual CSR payments

Report revenue generated from 2025 CSR load factors

Standard methodology recommended: re-adjudication of historical claims (pre-2017 CMS guidance)



2027 Assumptions

CSR load factors applied to upcoming plan year

CMS proposal: actuarially justified CSR loads only reflect unreimbursed CSR revenue loss

Projected CSR payments vs load-factor revenue



Market Impacts

Administrative burden of CSR reconciliation and adjudication

Potential misalignment between CSR loads and revenue loss

Unknown until forthcoming URRT and DOI State Alignment

Silver-Loading, CSR Reporting, and Future Federal Oversight

Silver-Loading Status Quo

HHS did not prohibit silver-loading in 2027, allowing continuation of CSR cost-sharing in premiums.

Potential Future Oversight

Future rulemaking may limit or eliminate silver-loading based on collected data and market impact analysis.

CSR funding would only occur through Congressional action.

CMS may act to limit or alter current silver loading practices (i.e., through future regulation such as the NBPP).



Non-Network Plans



Emerging Market Interest

- **Growing interest from start-up and reference-based companies** such as Sidecar Health and Imagine360
- Strategy focused on **undercutting traditional market pricing**
- Market impact likely **limited and geographically variable in 2027**
- Dependent on **state DOI adoption and oversight**



Key Regulatory Uncertainties

- **Forthcoming regulatory guidance**
- Defining **“sufficient choice of providers”**
- Clarifying **in-network definitions and cost-sharing requirements**
- Interaction with **No Surprises Act provisions**



Potential Market Impacts

- **Risk adjustment challenges**
- **Consumer risks:** balance billing concerns and high OOP exposure
- **Operational shifts for issuers** and potential lack of provider participation
- **Potential changes to market benchmarks**
- Reduced member subsidies may lead to **enrollment decline and higher morbidity**
- **Lower Section 1332 waiver funding**

Catastrophic Plans

What are the Proposed Changes

- Allow catastrophic plans to permanently be eligible for more enrollees
- Allow catastrophic plans to exceed the Annual Limitation on Cost-Sharing
- Allow catastrophic plans to be priced/designed to as up to 10-year products

Sources of Uncertainty

- Creation of plans uncertain pricing requirements, risk adjustment, DOI treatment, litigation, among other issues.
- Competitor usage of catastrophic plans

Potential Market Impacts

- 2027 market impacts likely to be small

Other Considerations

- Long term planning

Overall Impacts

Risk Adjustment; Metal Tier Migration; Timing

Metal Mix and Market Composition

- Lower bronze premiums and buy-downs
- Non-network plans encourages plan shifting

Risk Adjustment

- Need to account for membership mix in transfer estimate
- Lower market average premiums may alter risk adjustment transfers (receive less, pay less)
- Uncertainty in risk transfer estimation & market morbidity

Overall

- Significant uncertainty – potential for shifts in benchmark, APTC, membership mix, attrition, morbidity from all policies
- Timing of data, final NBPP, URRT, other policy changes will be ongoing
- Issuer entrants/exits and impacts to financials
- Regulatory review uncertainties and scrutiny

HMA Publications on the 2027 NBPP

2027 Proposed NBPP: Analyzing State and Consumer Impacts New and Returned Trump Administration Policy Priorities

- Link: <https://www.healthmanagement.com/insights/briefs-reports/2027-proposed-nbppanalyzing-state-andconsumer-impacts/>

Summary of Provisions in HHS's Proposed 2027 Notice of Benefit and Payment Parameters and Other Key Regulations- Wakely

- Link: <https://www.wakely.com/blog/summary-of-provisions-in-hhs-proposed-2027-notice-of-benefit-and-payment-parameters-and-other-key-regulations/>

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