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ACA Enrollment Declines: Implications and Options for State and Federal Policymakers

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Today's Agenda

- Introduction
- Market Context and Findings
- 2027 Final NBPP Overview
- Federal Outlook: Affordability Proposals
- Q and A

Market Context

- Subsidy Changes
- Regulatory/Statutory Changes
 - PI Rule
 - OBBBA
- Large Premium Increases
- Key Uncertainty: Understanding enrollment dynamics given grace period

Open Enrollment Findings

Plan selections decreased by 5% in total, with new consumers decreasing by 13%.

Significant metal and Cost Share Reduction (CSR) shifts suggest consumers are “buying down” to coverage for lower net premiums.

Open Enrollment Findings

Table 1. Plan Selections by FFE and SBE

Cohort	2025	2026	% Change
FFE Non-Expansion	11,352,721	11,162,742	-2%
FFE Expansion	5,310,184	4,608,655	-13%
FFE Total	16,662,905	15,771,397	-5%
SBE	7,190,823	6,910,895	-4%
IL ⁵	465,985	448,568	-4%
Total	24,319,713	23,130,860	-5%

Open Enrollment Findings

Table 3. Net Premium by Renewal Type

Type	2025	2026	% Change
New	\$89	\$94	6%
Auto	\$79	\$192	143%
Active	\$89	\$117	31%

Methodology and Data



The analysis relied on data from the Wakely National Risk Adjustment Reporting (WNRAR) project



The WNRAR project collected data from more than 75 issuers in over 30 states and represents nearly 80 percent of ACA compliant enrollment for the individual market



The data include 2025 enrollment and risk score summaries from January through December 2025, January 2026 enrollment information as of February 1, 2026

Key Findings

Table 1. Key National Findings

Factor	Study Averages
% Enrollees with January 2026 Paid Premiums	85.9%
Estimated Total Average Enrollment Change from 2025 to 2026	-17.0% to -26.0%
Estimated Total Average Morbidity Increase from 2025 to 2026 (Normalized Risk Scores)	2.9% to 6.5%

Key Findings (Continued)

Table 2. Metal Membership Distribution Change

Metal Tier	2025 Distribution	2026 Distribution	Change
Platinum	0.8%	0.9%	0.1%
Gold	14.8%	21.1%	6.3%
Silver	56.7%	39.7%	-17.0%
Bronze	27.7%	38.3%	10.6%

Key Implications

Uncertainty in
Results

Considerable
variation between
types of states and
within states

Uncertainties
regarding morbidity
shifts and member
plan enrollment
could result in
unpredictable and
large risk-
adjustment
transfers, as well as
dramatic shifts in
claim cost spending
patterns

Changes in plan
selection and
market
composition will
cause further
uncertainty in
estimating 2026
financial accruals
and assumption
setting in 2027
premium rates

2027 Final NBPP Overview

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2027 Notice of Benefits and Payment Parameters (NBPP)



CMS annually releases the NBPP to provide issuers, brokers, Marketplaces, and state regulators with the key ACA regulations they will need to navigate in the upcoming plan year



This year the NBPP was initially released and finalized later than normal, resulting in greater regulatory uncertainty



The finalized changes are occurring in the context of a broader set of changes impacting enrollment and stability in the ACA markets



The rule goes into effect on July 20, 2026, but many of the specific provisions are not effective until 2027 or even 2028



Overview of Final 2027 Notice of Benefit and Payment Parameters

The final 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 brokers, issuers and regulators

- Silver-loading reporting & oversight
- New network oversight opportunities
- Defrayal of costs for state mandates exceeding Essential Health Benefits (EHB)

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

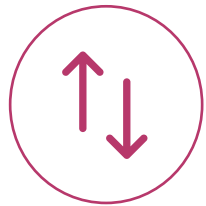
- Pre-enrollment special enrollment period verifications
- Income verifications for <100% FPL and other populations
- Removal of subsidies due to failure to reconcile after one year

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 focus will be on the most impactful changes or clarifications from the proposed rule.

State Exchange Model and Oversight Highlights



State Based Exchange Enhanced Direct Enrollment (SBE-EDE) Model

- Not being finalized for 2027, citing volume of comments and feedback
- Model may be finalized in the 2028 NBPP or other rulemaking
- The related proposal to eliminate the requirement that State-Based Exchanges (SBEs) have a consumer facing centralized website was not finalized for the same reasons



State Exchange Improper Payment Measurement (SEIPM)

- Starting in 2027, makes State Based Exchanges (SBEs) subject to new oversight processes to identify improper payment of advance premium tax credits (APTCs)
- CMS will issue sub-regulatory guidance to allow SBEs to satisfy certain independent audit requirements through the State Exchange Improper Payment Measurement (SEIPM) to avert duplication



Failure to file and reconcile

- All Exchanges must determine consumers ineligible for APTCs if they did file and reconcile APTC in a single prior year
- SBEs have the option to maintain the two-year policy in 2027.

Silver-loading Enforcement Changes

▪ Historical 2025 Data

- Required to report 2025 actual Cost Sharing Reductions (CSR) paid by the issuer using the standard methodology set forth in § 156.430(c)(2)
- The amount of revenue collected from the applied CSR load factor in 2025.

▪ Projected 2027 Data

- **Expected CSR amounts to be paid by the issuers in the 2027 plan year**
- **CSR load factors for the upcoming plan year and the expected amount of revenue generated**
 - *To ensure compliance with § 156.80(d), which requires all permitted plan-level adjustments to be “actuarially justified”*
 - *CMS requires in the actuarial memorandum an explanation of the methodology used to determine the load factor*
 - *CMS also requires an explanation in the actuarial memorandum comparing CSR costs and revenue. This explanation would allow the State or CMS, as applicable, to determine whether the load factor is actuarially justified and not excessive in relation to the amount expected to be paid for unreimbursed CSRs.*



Silver-loading Enforcement Changes

Finalized as proposed but included more explicit language on implications

- “If issuers provide a State with proposed rate increases which include a CSR load that does not appear to be developed based on a methodology that reasonably accounts for the amount of unpaid CSRs and the State does not deem such rate increases as ‘unreasonable,’ CMS may use its authority...to evaluate whether the State...no longer has an Effective Rate Review Program.”
- “CMS may exercise its authority...to determine a rate increase is unreasonable if such increase includes a CSR load that was developed based on a methodology that does not reasonably account for the projected amount of unpaid CSRs.”

Silver-loading Enforcement Changes

Implications:

Increased burden
on issuers for
reporting

States may
change mandated
silver load, rate
review practices

Potential
additional
regulatory action
in 2028

Plan Design Flexibility Changes

Bronze MOOP changes (finalized as proposed)

- Expanded flexibility to offer Bronze plans can be offered that exceed Maximum Out-of-Pocket (MOOP) (that is \$15,600 for self-only coverage) although that plan must remain within the standard de minimis range

Catastrophic plan changes

- Allow expanded flexibilities for Catastrophic plan cost-sharing (must exceed MOOP by 130%) starting in 2028
- May offer Value-Based Insurance Design (VBID) benefits for multiyear catastrophic plans
- Did not include special pricing adjustment for multiyear plan or allow flexibility of MOOP over multiple years
- Codify eligibility expansion

Non-network plan changes

- Allow non-network plans in State-Based Marketplaces (SBM) and State-Based Marketplaces using the Federal Platforms (SBM-FP) starting in 2027 and FFM starting in 2028

Other Notable Highlights

FFM and SBM-FP user fee change

- User fee lowered to 1.9% (FFE) and 1.5% (SBE-FPs)
- Proposed was at 2.5% (FFE) and 2.0% (SBE-FPs)

RA user fee change

- Lowered to \$0.18 PMPM from \$0.20 in proposed rule

State mandate defrayal

- Delayed until 2028

Federal Outlook: Affordability Proposals

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Democrats' Healthcare Affordability Proposals

ACA/MARKETPLACE



Enhanced ACA Subsidies

Make enhanced ACA subsidies permanent.



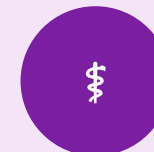
Health Coverage that Works for Everyone

12 Senate Democrats, led by Senate Finance RM Wyden, announced a new initiative to lower the cost of health care and improve health coverage.



Medicare by Choice

Option for Americans to buy into Medicare as an alternative to private coverage.



Center for American Progress

Ties premium increases to underlying medical cost growth and strengthens rate review authority.
Tighten ACA MLR rules
Reduce deductibles by constraining provider prices.
Eliminate prior authorization

Republicans' Healthcare Affordability Proposals

ACA/MARKETPLACE



Defined Contribution Model

Moving toward a defined contribution model with HSA expansion and IHCR provisions.



Lower Premium ACA Plans

Increase access to catastrophic coverage and fund Cost Sharing Reductions (CSRs).



The Great Healthcare Plan

Comprehensive reform framework addressing coverage, costs, and patient choice.



GOP Study Committee Framework

House Republican Study Committee framework for health policy modernization.



Affordability Hearings

House hearings examining healthcare costs, pricing transparency, and market competition.



Cassidy's MVP Agenda

Direct patient funding for out-of-pocket costs, price transparency, and addressing unhealthy foods.

Areas of Increasing Bipartisan Alignment?

Increasing alignment on issues of interest and concern, but consensus solutions may take longer to emerge.



Prior Authorization



Medical Loss Ratio



Price Transparency



Consolidation

Questions?

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