

Factors Influencing 2026 Rising Individual Market Premiums

Each year, health plans are required to submit proposed premium rates to state and federal regulators based on projected future health insurance costs for providing medical services for specific populations. For 2026, the individual market faces significant uncertainty and cost pressures.

The **potential expiration of the enhanced premium tax credits, rising medical inflation and prescription drug prices, and regulatory changes** have been identified as some of the main drivers influencing individual market rates for plan year 2026.

Timeline for Finalizing 2026 Premiums & Open Enrollment

Proposed premiums and insurance products are subject to state and federal review and approval. The rate review timeline below is aligned to the upcoming open enrollment period during which consumers can select their plans for coverage beginning on January 1, 2026.

Key dates:

8/1/25	CMS posted proposed 2026 rate filings
8/13/25	Deadline for plans in Federal Exchange states ¹ to finalize rate filings
10/15/25	Deadline for plans in State Exchanges to finalize rate filings
10/31/25	CMS posts final 2026 rate filings
11/1/25	2026 Open Enrollment begins

Cost Pressures Impacting 2026 Individual Market Premiums

A broad range of experts has highlighted the impact of meaningful cost drivers on consumers' premiums. Those include:

- **Expiration of Premium Tax Credits:** Unless Congress extends the enhanced premium tax credits, they will expire at the end of 2025, driving up out-of-pocket premium payments by over 75% on average, according to new analysis from KFF.² The American Academy of Actuaries notes that, "these reductions are expected to reduce enrollment significantly and increase morbidity in the individual market single risk pool, leading to higher premiums."³

1 State Health Insurance Marketplace Types, KFF. <https://www.kff.org/affordable-care-act/state-indicator/state-health-insurance-marketplace-types/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>

2 Individual market insurers requesting largest premium increase in more than 5 years, KFF <https://www.healthsystemtracker.org/brief/individual-market-insurers-requesting-largest-premium-increases-in-more-than-5-years/>

3 Drivers of 2026 Premium Changes, American Academy of Actuaries <https://actuary.org/wp-content/uploads/2025/07/brief-Divers-2026-Premium.pdf>

- **Rising Medical Inflation:** Medical cost trend, which reflects the changes in the prices and utilization of health care services, continues to be a prominent driver of premium changes, according to researchers at KFF.⁴
 - **Rising spending on prescription drugs,** continued inflation and increased utilization of behavioral health services have led to a projected 8% increase⁵ in medical cost trend for the individual market.
 - **Provider consolidation and higher reimbursement rates** continue to contribute to higher medical costs. Inflation further contributes to higher input costs for health care services—through higher costs of goods and services, including labor costs, according to the American Academy of Actuaries.⁶
- **Rising Prescription Drug Prices:** In 2024, a report from PWC estimated that pharmacy spending increased by \$50 billion, up from \$20 billion of growth in 2023.⁷ **Growing demand for GLP-1 drugs and the launch of new expensive gene, cell and biologic therapies** are driving higher projected drug spending for plan year 2026. The same PWC analysis found that pharmacy cost trend was projected at 2.5% higher than medical trend, reinforcing the urgency of managing rising prescription drug costs.⁸ The soaring cost of prescription drugs, including oncology medicines and GLP-1s, has also been cited as leading drivers of costs for employers, according to a recent Business Group on Health survey of employers.⁹
- **Regulatory Changes:** The Marketplace Program Integrity Rule and One Big Beautiful Bill Act have introduced several new Exchange eligibility and verification requirements that are expected to have an impact on enrollment in individual market coverage. In its latest issue brief, the American Academy of Actuaries note that these changes – in addition to the broader market dynamics from significant changes in Medicaid eligibility and financing – may lead to fewer younger, healthier individuals in the market and more enrollees with higher health care needs that will drive up premium costs overall.¹⁰

To Prevent a 75% Increase in Premiums for Millions of American Families, Congress Must Extend the Existing Premium Tax Credits

Health plans are doing everything they can to shield consumers from the rising costs of care and the uncertainty in the market driven by recent policy changes.

Given the cost pressures in health care, **it is more important than ever that Congress take action – ideally before September 30, 2025 – to prevent unprecedented cost increases for millions of Americans by extending the existing premium tax credits.**

4 How much and why ACA Marketplace premiums are going up in 2026, KFF. <https://www.healthsystemtracker.org/brief/how-much-and-why-aca-marketplace-premiums-are-going-up-in-2026>

5 Ibid

6 Drivers of 2026 Premium Changes, American Academy of Actuaries. <https://actuary.org/wp-content/uploads/2025/07/brief-Drivers-2026-Premium.pdf>

7 No let up in sight. Medical cost trend set to grow at 8.5%. Is your playbook ready?, PWC. <https://www.pwc.com/us/en/industries/health-industries/library/behind-the-numbers.html>

8 Ibid

9 Business Group on Health Survey: 9% Health Care Cost Increase for 2026, Business Group on Health. <https://www.businessgrouphealth.org/newsroom/news-and-press-releases/press-releases/2026-employer-health-care-strategy-survey>

10 Drivers of 2026 Premium Changes, American Academy of Actuaries. <https://actuary.org/wp-content/uploads/2025/07/brief-Drivers-2026-Premium.pdf>