Affordable Care Act Insurers Want More Premium Increases as Enrollment Sags

Insurers are seeking a median rate increase of 14% for 2027, the second-highest increase since 2018.

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For the second year in a row, many Affordable Care Act insurers are proposing double-digit premium increases, driven by rising medical costs as well as policy changes by Congress and the Trump administration.

In preliminary filings with state regulators, insurers are seeking a median rate increase of 14% for 2027, according to an analysis of filings in 16 states and the District of Columbia by the Peterson-KFF Health System Tracker.

If those rates are ultimately approved, it would be the second-highest increase since 2018.

That would be a “triple whammy” for consumers, said Cynthia Cox, a senior vice president and the director of the Program on the ACA at KFF, because they have already had to pay higher premiums in 2026 and saw the expiration of more generous tax credits to offset their premiums at the end of last year.

President Joe Biden sought to bolster the program known as Obamacare by enacting more generous tax subsidies, driving down out-of-pocket costs for consumers and increasing enrollment to more than 20 million Americans. But under President Donald Trump, Republicans have sought to scale back taxpayer support for ACA coverage, allowing the Biden-era enhanced subsidies to expire.

As of February, ACA enrollment had fallen by about 3 million people compared with the same time last year. While Cox and other policy experts say that’s because increased costs for the plans drove out people who feel they can get by without insurance, the Trump administration asserts that much of the enrollment growth under Biden was fraudulent.

The main factor driving proposed premium increases for 2027, as in most years, is the rising cost and use of medical care.

There’s growing demand for costly specialty medications and for the weight loss drugs known as

GLP-1s, the Peterson-KFF report notes.

But the report also said that about 4 percentage points’ worth of the premium increases insurers proposed are due to lasting effects of the expiration of enhanced subsidies. Insurers expect that with young and healthy people leaving the program rather than paying higher premiums, their remaining customers will be older, sicker, and therefore costlier on average.

“It’s likely that the people who dropped their coverage were also the healthier people, because sicker people were probably going to try to make it work however they could, to stretch their budget to keep their health insurance,” said Cox, of KFF, a health information nonprofit that includes KFF Health News.

In their rate filings, some insurers also said they had to raise premiums partly because of policy changes by the Trump administration that are expected to make it harder for some people to enroll.

Together with the expiration of the larger subsidies, the new rules “account for 12.7% of the requested rate change,” the insurer UnitedHealthcare wrote in its rate filing with New York state, according to the Peterson-KFF report.

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“It is not surprising insurance conglomerates that profited massively off of Biden-era fraud are complaining about efforts to clean up the program,” White House spokesperson Kush Desai said in a statement. He added that the administration “has made it clear that it will not follow its predecessors in giving out taxpayer funded subsidies to big insurance companies through the form of fraudulent and corrupt policies” and that it would “hold big insurance companies accountable.”

Another driver of higher premiums cited by several insurers is that claims submitted on behalf of patients have tended to be for more intense — and costly — levels of care than in the past. Such increased severity may be because patients are actually sicker, or it may reflect that hospitals or doctors are using artificial intelligence to find billing codes that can maximize their payments, the report noted.

The use of AI to maximize bills is also a factor driving up the cost of health coverage offered by employers, according to the consulting firm PwC, which has forecasted that the cost of caring for people with job-based coverage will rise by 9% in 2027.

In the ACA, premium increases will primarily affect enrollees with incomes just above 400% of the federal poverty level, amounting to about $62,600 this year for an individual. That’s because they’re no longer eligible for subsidies following the expiration of the enhanced tax credits.

People below that level get tax credits to help pay their monthly premium, based on how much they earn and the cost of a “benchmark” ACA plan where they live. As a result, as premiums rise, so do subsidies, shielding many consumers from rising prices but also raising costs for the federal government.

They may have to shop around when enrollment opens for 2027 coverage in October, however. Depending on their particular plan’s premium, they may need to switch plans to keep premiums fixed, said Matthew Fiedler, a senior fellow at the Brookings Institution.

KFF Health News senior correspondent Julie Appleby contributed to this report.

Are you struggling to afford your health insurance? Have you decided to forgo coverage? Click here to contact KFF Health News and share your story.

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