Eroding Affordable Care Act Enrollment Portends Higher Insurance Rates

The average ACA plan deductible saw the steepest increase in history—growing by 37%, from $2,759 in 2025 to $3,786 in 2026, as enhanced premium tax credits expired.

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Enrollment in the Affordable Care Act continues to erode as some customers struggle to make premium payments, with the declining numbers churning market uncertainty for insurers. In response, insurers are likely to raise rates again next year, following this year's larger-than-typical hikes.

Sign-ups were already down in January by about 1.2 million from last year's record enrollment. For this year, enrollees then faced premiums that increased, on average, by 26%. On top of that, subsidies that help people purchase coverage shrank or vanished.

Now experts are watching how many of the approximately 23 million people who enrolled will fail to pay their share of premiums.

While available data on premium payments is mainly from January, a few states that run their own ACA markets have released information for later months. The sharpest drop in people paying premiums, based on limited data, is in Georgia, which saw a 28% drop in April compared with the same period a year ago, according to an analysis by Charles Gaba, a healthcare policy analyst and blogger who specializes in the ACA.

The news website NOTUS reported May 12 that it had internal Centers for Medicare & Medicaid Services data showing that roughly 21% of people using the federal ACA marketplace — 30 states — failed to pay their share of January premiums, which, if correct, is far higher than at the same time last year.

CMS did not answer questions from KFF Health News about the enrollment data.

In looking at the early numbers analysts released, "we can't yet quantify how much worse it will be than in previous years, but it will absolutely be worse because of the sticker shock," said Ellen Montz, a managing director with the Manatt Health consultancy, who helped oversee the ACA during her tenure with the Biden administration.

The initial results come amid rising public concern about affordability, with polls

showing that healthcare costs are often top of mind for voters.

A KFF analysis released May 19, for instance, found that the average ACA plan deductible saw the steepest increase in history — growing by 37%, or over $1,000, from $2,759 in 2025 to $3,786 in 2026 as enhanced premium tax credits expired.

Those rising costs pose a political challenge for President Donald Trump and the broader GOP, which has opposed enhanced subsidies to help people purchase Obamacare coverage. Republican lawmakers also passed a spending package last year — enacted as the One Big Beautiful Bill Act — that included provisions expected to reduce ACA enrollment and was cited among factors fueling higher premiums this year.

The enrollment reductions "are real people with real consequences," Montz said. "The Affordable Care Act is a political lightning rod, but it's a critical component of the coverage landscape."

Following the Numbers

Right now, the drop-off rate aligns with what some policy experts predicted, partly because Congress did not extend generous benefits that expired at the end of last year. Those enhanced subsidies had been in place since 2021.

"Overall, the individual market does appear to be trending toward a significant contraction in 2026, and may well resemble" drops projected by the Congressional Budget Office, said a report from the Wakely Consulting Group, an analysis arm of the HMA Co.

Based on its analysis, drawn from data provided by 75 insurers, Wakely estimates that average ACA enrollment will end up being 17% to 26% lower this year than last.

So far, the Wakely report says, an average 86% of enrollees made their first payment in January.

Failure to pay premiums varied by state. Those with the lowest drop-off rates had enacted additional help — such as backfilling part or all of the reduced subsidy amounts with state money — or experienced lower premium increases. States that run their own exchanges had higher payment rates (92%) than those served by the federal marketplace (82% to 84%).

Gaba's initial analysis of data includes more recent numbers from nine of the 20 states that run their own Obamacare marketplaces.

"Georgia could be fairly representative" of other states that did not enact additional protections, Gaba said. For example, payment failure rates, year over year, were 11.6% as of April in New Jersey, and, as of February, 15.7% in Washington state and 8.5% in California.

Only one state in his sample — New Mexico — saw an increase in the percentage of people making premium payments, according to the latest available monthly data. Unlike most, it had set aside state money to fully make up for the lower federal subsidy amounts.

Enrollment figures for the ACA are never static. Traditionally, more people sign up — either through auto reenrollment or by taking initiative to shop — than actually pay premiums, so the numbers tend to be higher at the start of the year.

People drop out over the course of a year for many reasons, such as finding other coverage through a job or by marrying someone with insurance.

Cost, of course, is a factor. This year, because premiums went up and subsidies went down, many people faced costs at least double what they previously paid toward their coverage.

And the Trump administration ended a special enrollment program that let low-income people enroll year-round.

Some ACA critics say enrollment drops should not be seen solely in the context of rising costs. Paragon Health Institute, a free-market think tank that has become influential among conservatives on Capitol Hill, has long argued that record enrollment numbers in recent years were fueled by fraudulent sign-ups, perhaps in the millions.

Insurers, hospitals, and policy experts took issue with the methodology Paragon used to estimate improper enrollments, saying they likely were vastly overestimated.

In a recent Paragon newsletter, the organization's president, Brian Blase, doubled down on the fraud findings. Using data that detailed how many people failed to make premium payments each year, on average, from 2014 to 2019 — the year before covid emerged and two years before enhanced subsidies kicked in — he offered this prediction for 2026: About 19 million people would be enrolled by year's end. Even at that, the note says, the "market would be 90% higher than the pre-COVID average."

For other experts, however, the biggest explanation for falling enrollment is cost.

Some people had never experienced the ACA before the enhanced tax credits kicked in, so they faced extra sticker shock.

"In economic theory, no matter whether one is left, right, or center, it's a simple fact that when you raise prices of something, fewer people will buy it," said Sabrina Corlette, co-director of the Center on Health Insurance Reforms at Georgetown University.

The Long View

The expectation of a lower enrollment trend holding up is one of the key factors likely to translate into higher cost estimates as insurers draw up 2027 rates.

For one thing, though it is still unclear how many people will stay enrolled, it is also unknown whether those enrollees will submit more medical claims than insurers projected. It's generally thought that younger or healthier people are more likely to drop coverage when faced with

growing premiums.

Secondly, there has been a sharp shift by consumers to purchase bronze-level plans, which have smaller monthly premiums but higher deductibles — the amount people must pay out-of-pocket for most treatment, except preventive care, before insurers pitch in. The KFF analysis found that sign-ups for bronze plans jumped from 30% to 40% of total plan selections — growing from 7.3 million in 2025 to 9.2 million people this year. Will they pay? Or will hospitals and doctors be on the hook for uncollected copays or deductibles, and then raise prices to compensate?

Insurers base their premiums, in part, on such analyses.

Another troubling factor for actuaries is the late posting of a key regulation that sets the next year's rules for ACA health plans. The initial 2027 proposal from the Trump administration came out in mid-February and included aggressive new ideas — such as sharply increasing deductibles for certain types of ACA plans or allowing insurers to offer plans with no set networks of medical providers. It was not finalized until May 15, well into the time when insurers are calculating premiums for the following year. Many of the proposed changes, with some modifications, were approved, such as allowing for higher annual deductibles in some types of coverage.

"This is definitely a challenging year to be an actuary," said Louise Norris, a health policy analyst for healthinsurance.org, a consumer information and referral website affiliated with Trove Group, an insurance agency.

"We know for sure that the individual market has gotten smaller and almost certainly sicker, as the people dropping coverage are more likely to be healthy."

While they "aren't waving huge red flags" yet, insurers are closely watching trends, said Michelle Anderson, a director at Wakely and co-author of the recent report.

Anderson does not expect an average 26% premium increase like the one seen this year.

Still, Anderson expects the ongoing uncertainty and predicted decline in enrollment, which will vary by state and insurer, to play a role in setting next year's premium rates.

"It would not surprise me if there were some double-digit increases," Anderson said.

KFF Health News reporter Rachel Spears contributed to this article.

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