

# Analyzing the ACA market landscape: Key insights from 2025 rate submissions

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Health insurance issuers participating in Patient Protection and Affordable Care Act (ACA)-regulated markets submit rate filings annually to state regulators summarizing recent product experience and pricing assumptions for the next plan year. The Centers for Medicare and Medicaid Services (CMS) releases Public Use File (PUF) datasets in the fall of each year, containing all of the Unified Rate Review Template (URRT) submissions that accompany each insurer's single risk pool rate filing.<sup>1</sup> These datasets were released in November 2024 for 2025 plan year rate filings in the individual and small group ACA markets of all 50 states and the District of Columbia. This white paper leverages these datasets and other public data to highlight key aspects of the current ACA market landscape, including:

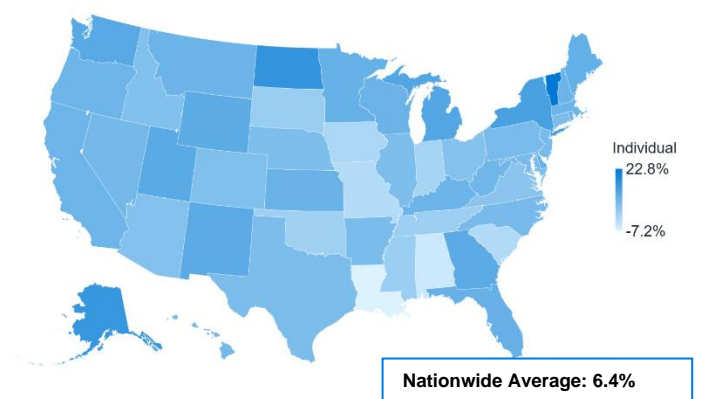
- [Average 2025 premium adjustments by state and market](#)
- [Average annualized premium adjustments over 2021 through 2025 filings by state and market](#)
- [Trends in issuer participation by state and market](#)
- [Nationwide enrollment trends through 2024 current enrollment reported in 2025 rate filings](#)
- [Average claims trend assumptions included in 2025 rate filings by market](#)
- [Average retention loads \(non-benefit expenses\) included in 2025 rate filings by state and market](#)
- [Loss ratio experience reported in rate filings by state and market](#)
- [Market challenges and considerations for the 2026 filing cycle](#)

## Small group market rate increases surpass individual market rate increases for the second year in a row

On average across all plans in all states, issuers filed 2025 rate increases of 8.0% in the small group market and 6.4% in the individual market. This compares to 2024 average filed rate increases of 7.0% and 6.0% for the small group and individual markets, respectively.<sup>2</sup> In 34 states, the average small group market rate increase exceeded the corresponding average rate increase in the individual market.

Within the individual market, the average 2025 rate increase in the 20 states operating their own state-based exchanges (including enrollment functions) is 8.1%, compared to 5.4% for the 31 states utilizing the federal Healthcare.gov platform for enrollment functions in 2025.<sup>3,4</sup> Figures 1A and 1B highlight the regional variation in the average 2025 ACA market rate changes by state.

**FIGURE 1A: REGIONAL ILLUSTRATION OF 2025 ACA MARKET RATE CHANGE, INDIVIDUAL MARKET**



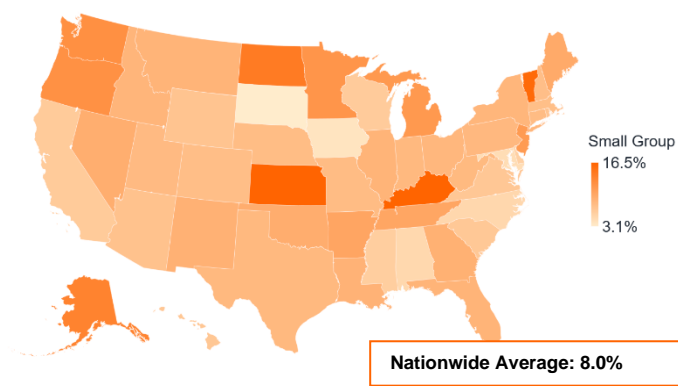
1. See more information at <https://www.cms.gov/marketplace/resources/data/rate-review-data>.

2. Note that average 2025 market rate increase estimates utilize the plan-level rate changes reported on URRT Worksheet 2. We derive issuer and market-level averages by weighting with current enrollment and current premium rates reported by issuers for 2024 (in 2025 rate filings). Similarly, rate increases derived for plan year 2024 reflect market-level averages with weighting by current enrollment and current premium rates reported by issuers for 2023 (in 2024 rate filings).

3. This includes 28 states considered federally-facilitated exchange (FFE) states and three states considered state-based exchanges utilizing the federal Healthcare.gov marketplace platform (Arkansas, Illinois, and Oregon).

4. Differences in average rate changes for state-based exchange states relative to Healthcare.gov states are tied to many factors, including enrollment trend variations, regional cost and utilization trends, and state-specific regulatory changes unique to each exchange type cohort. Distinctions reflect the unique challenges faced in each state (and do not represent relative rate review effectiveness by exchange type).

FIGURE 1B: REGIONAL ILLUSTRATION OF 2025 ACA MARKET RATE CHANGE, SMALL GROUP MARKET

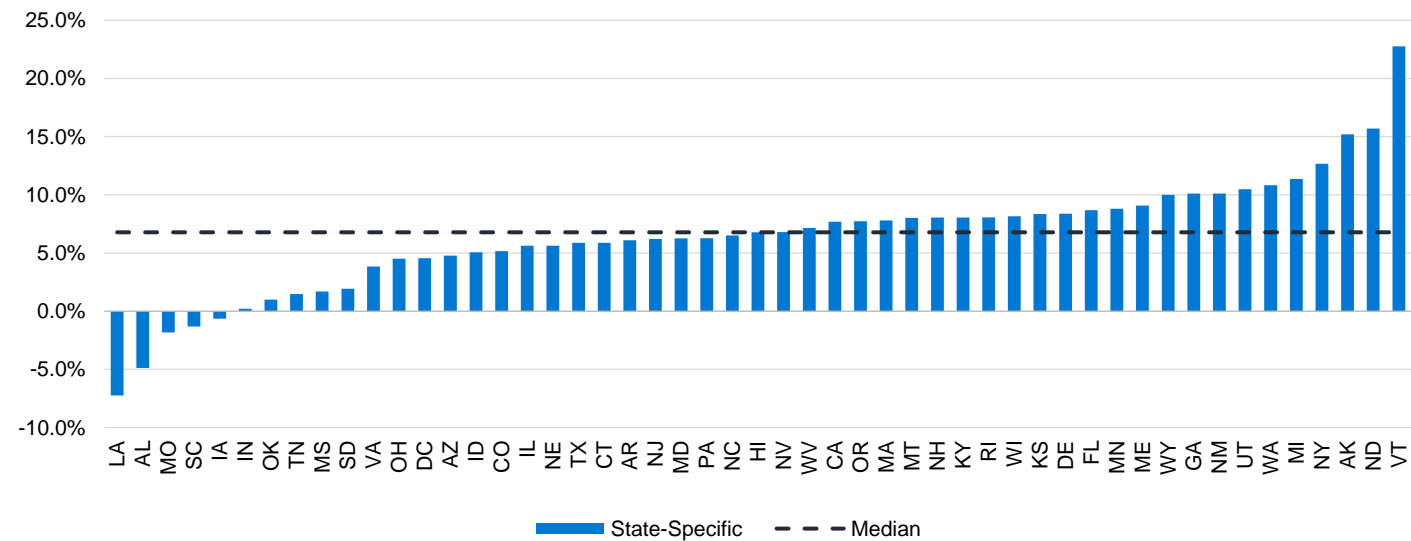


Rate change justifications for 2025 frequently reference broad market dynamics and regulatory changes but also consider each carrier’s unique circumstances specific to their own products or experience, as well as their assumptions for the 2025 plan year (e.g., trends, benefit changes, administrative expenses, profit targets).

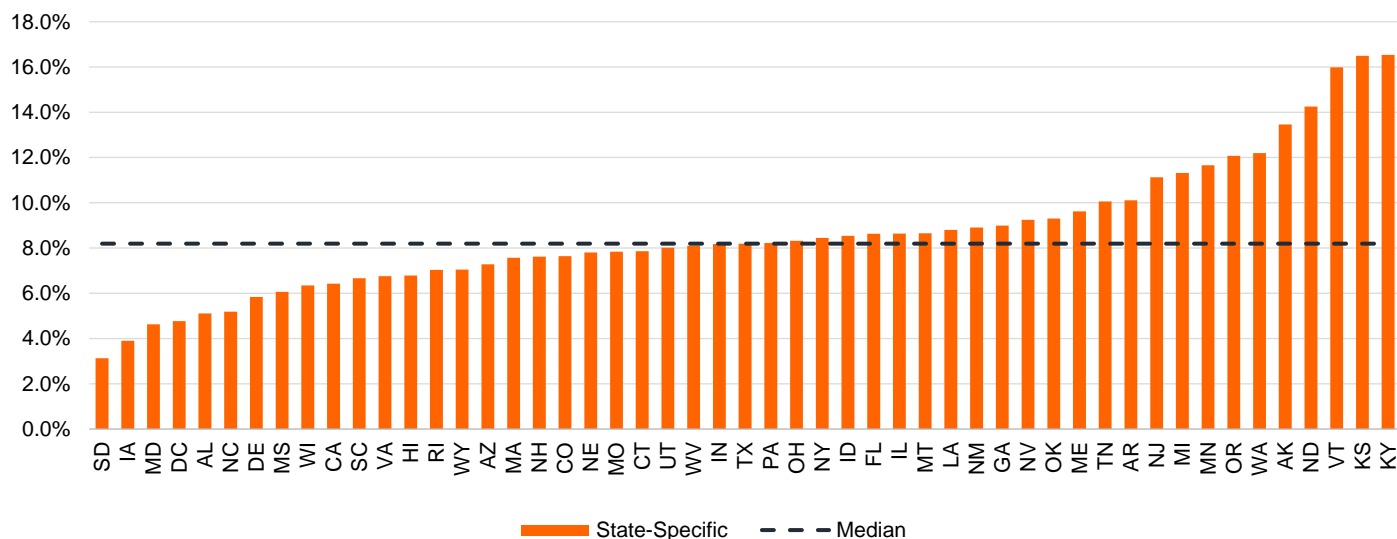
Common drivers of 2025 premium increases noted by issuers include inflation and higher healthcare labor costs, hospital market consolidations resulting in less leverage for insurance companies when negotiating provider contracts, and surging costs associated with expensive specialty medications (e.g., glucagon-like peptide 1 drugs, or GLP-1s) and new gene therapies.<sup>5</sup>

Figures 2A and 2B further highlight the wide variation in average 2025 rate increases by state for the individual and small group markets, respectively. These figures also include the median of the state-specific 2025 average rate change results for each market.

FIGURE 2A: AVERAGE 2025 ACA RATE CHANGES BY STATE WITH MEDIAN, INDIVIDUAL MARKET



5. Ortaliza, J., McGough, M., Cord, A., & Cox, C. (2024, August 2). How much and why ACA Marketplace premiums are going up in 2025. Peterson-KFF Health System Tracker. Retrieved April 16, 2025, from <https://www.healthsystemtracker.org/brief/how-much-and-why-aca-marketplace-premiums-are-going-up-in-2025/>.

**FIGURE 2B: AVERAGE 2025 ACA RATE CHANGES BY STATE WITH MEDIAN, SMALL GROUP MARKET****FIGURE 3: REPORTED AVERAGE RATE CHANGES, 2021 TO 2025**

	2021	2022	2023	2024	2025	AVERAGE
(A) Individual	1.5%	3.8%	6.8%	6.0%	6.4%	4.9%
(B) Small Group	3.4%	5.2%	4.7%	7.0%	8.0%	5.6%

Note: Average rate change estimates rely on URRT Worksheet 2 reported rate changes included with 2021 through 2025 rate filings.

## Since 2021, the average annual rate increase is 4.9% for the individual ACA market and 5.6% for the small group ACA market<sup>6</sup>

Since the beginning of the COVID-19 pandemic in early 2020 (around the time issuers were filing rates for plan year 2021), health insurance markets have experienced significant volatility in utilization of services and the average costs of services being delivered.<sup>7</sup> These forces, combined with significant consumer enrollment churn between sources of coverage (e.g., Medicaid, individual ACA, and employer-sponsored coverage) and both federal and state regulatory changes, have created a complex environment for issuers. During this period, ACA market issuers have increased rates roughly 5% each year on an average

annualized basis, as highlighted in Figure 3. Pandemic and post-pandemic claims trends and enrollment churn between insurance sources of coverage have been highly variable by state, both in terms of overall magnitude and the timing of any impacts; these dynamics have contributed to a wide range of average rate increases filed by state in a given year (as well as volatility in the average rate change in a given state from one year to the next).

Over the 2021 through 2025 rate filing cycles, the average nationwide rate increase for the individual market exceeded the average nationwide rate increase for the small group market in only one year (2023), with the nationwide small group market rate change being at least 1% higher in the other four years.

In any given state, there is substantial variation in the relationship between average rate increases filed by issuers in the small group market relative to issuers in the individual market, both for a given year and over time. That said, we also observe higher small group market rate increases at the state level in many

6. Reflects average annualized rate increase estimates utilizing the 2021 through 2025 rate increase estimates in Figure 3.

7. Hill, G. (2013, November 2). How did the COVID-19 pandemic affect healthcare spending? Beyond the Numbers, 12(14). U.S. Bureau of Labor Statistics. Retrieved April 16, 2025, from <https://www.bls.gov/opub/btn/volume-12/how-did-the-covid-19-pandemic-affect-healthcare-spending.htm>.

instances, suggesting the nationwide trend is not caused by differences in mix by state but is also observed between markets in a given state. As previously noted, the average small group market rate increase exceeds the corresponding average rate increase in the individual market in 34 states for plan year 2025. Based on average annualized rate increase estimates for each state and market over the 2021 through 2025 period, this figure grows to 39 states having lower average rate increases in the individual market compared to the small group market. From 2021 to 2025, individual market issuers filed lower average rate increases than small group market issuers in at least half of all states each year (ranging from 27 states in 2023 to 37 states in 2024). These differences further highlight the increasing challenges faced in the small group market over the last five years, with more stability observed in the individual market.

Figure 4 summarizes the number of states with average 2021 to 2025 ACA market rate changes falling within defined rate change thresholds.

State-level average rate increases between 4% and 6% generally align with broader nationwide trends over this period; 17 states fall in this range for the individual market, while 20 states fall in this range for the small group market.

Figures 5A and 5B illustrate the average 2021 to 2025 ACA market ranges by state for the individual and small group markets, respectively. These figures also highlight the median of the state-specific average rate change results for each market.

FIGURE 4: COUNT OF STATES BY AVERAGE ANNUALIZED ACA RATE INCREASE OVER 2021 THROUGH 2025

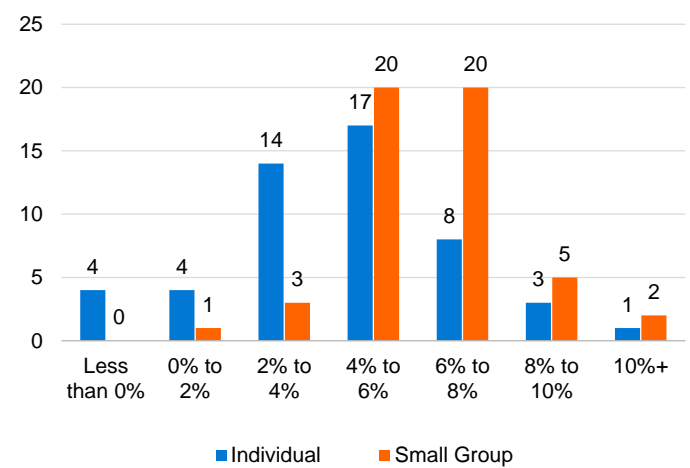
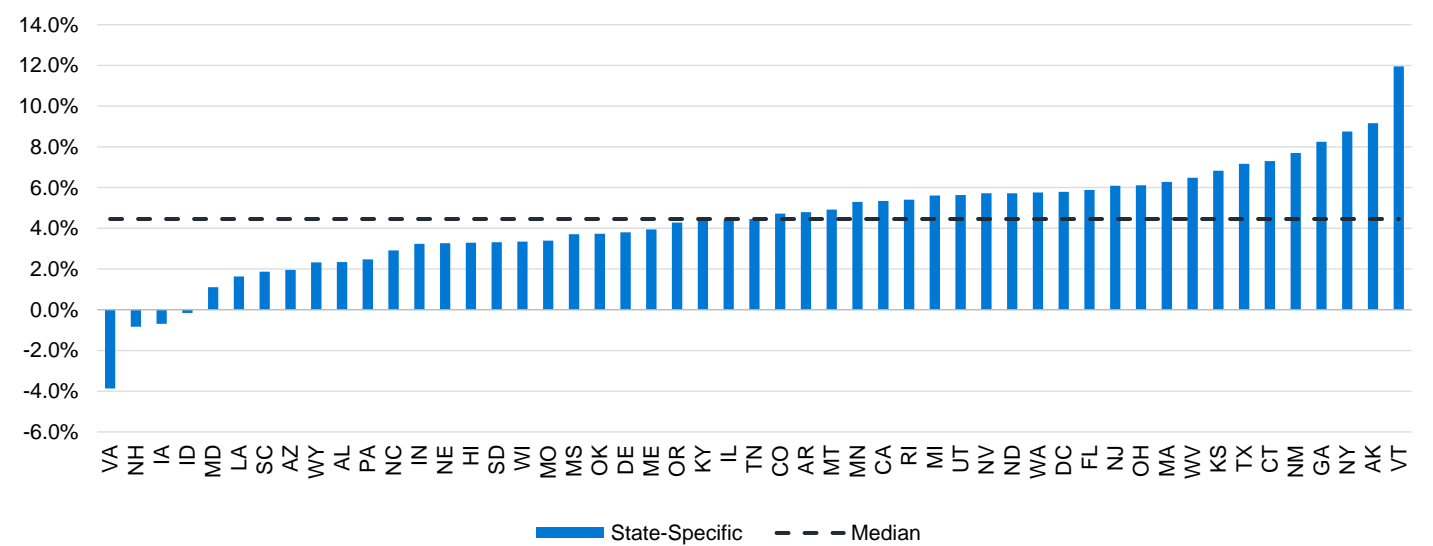
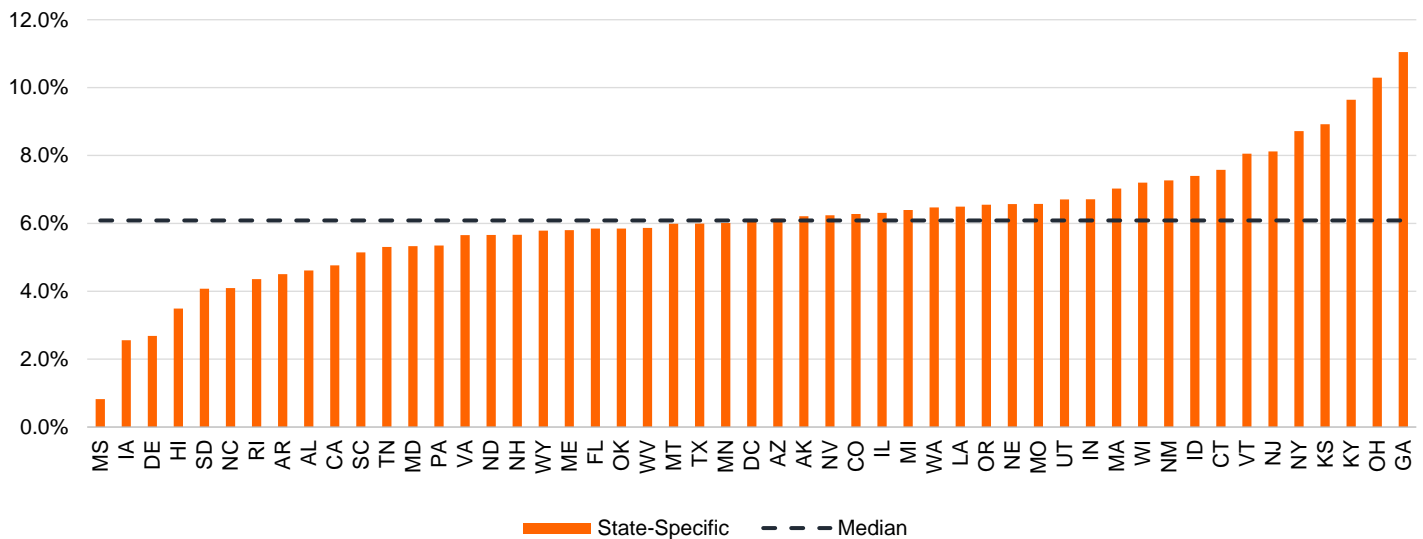


FIGURE 5A: AVERAGE 2021 TO 2025 ACA RATE CHANGES BY STATE WITH MEDIAN, INDIVIDUAL MARKET



**FIGURE 5B: AVERAGE 2021 TO 2025 ACA RATE CHANGES BY STATE WITH MEDIAN, SMALL GROUP MARKET**

Note the rate increases shown in Figures 5A and 5B are those filed by carriers in rate filings and do not account for any premium subsidies available in the individual market. Federal legislation resulted in enhanced premium subsidies over this period, leading to significantly lower premiums (net of subsidies) for many individuals and families relative to premiums net of subsidies under the ACA subsidy structure in effect prior to those introduced through the American Rescue Plan Act (ARPA) and later extended through 2025 by the Inflation Reduction Act (IRA). The impact of premium subsidies and net premium rate changes over time is outside the scope of this paper.

## New issuer entries offset exits in the individual market, while issuer participation declines in the small group ACA market

Relative to 2024, the number of participating individual ACA issuers increased in 13 states, decreased in 13 states, and remained unchanged in 25 states (including the District of

Columbia). Nationally, 379 rate filings were accepted for the 2025 individual ACA market, which matches the count for plan year 2024 despite changes at the state level. In addition to issuer exits and new market entries, service area expansions are also occurring within the pool of renewing issuers; on average, these changes are leading to a higher number of issuer options available to marketplace consumers in 2025 relative to 2024.<sup>8</sup>

### NOTABLE SERVICE AREA CHANGES (NATIONAL ISSUERS)

Several individual market issuers are adjusting their service areas or product offerings for 2025:

- **Ambetter Health (Centene)** – adding 60 new counties across 10 states, which includes an expansion into a new state (Iowa) and results in a Marketplace presence extending across 29 states<sup>9</sup>
- **UnitedHealthcare (UHC)** – adding 139 counties in four new states (Indiana, Iowa, Nebraska, and Wyoming) and expanding to 119 new counties in 13 other existing states, bringing UHC's total marketplace footprint to over 1,250 counties across 30 states<sup>10</sup>
- **Oscar** – maintaining 18-state footprint but expanding to 504 counties<sup>11</sup> (from 446 in 2024<sup>12</sup>)

8. Based on Plan Year 2025 Qualified Health Plan Choice and Premiums in Healthcare.gov Marketplaces, QHP Marketplace consumers in Healthcare.gov states have access to an average of just over seven issuers in 2025 (compared to just under seven issuers, on average, in 2024).

9. Centene Corporation. (2024, October 2). Ambetter Health Expands Geographic Footprint and Enhances Member Benefits in 2025 [Press release]. Retrieved April 16, 2025, from <https://investors.centene.com/2024-10-02-Ambetter-Health-Expands-Geographic-Footprint-and-Enhances-Member-Benefits-in-2025>.

10. Japsen, B. (2024, October 3). For 2025, UnitedHealth Group And Centene Expand Obamacare Footprints. Forbes. Retrieved April 16, 2025, from <https://www.forbes.com/sites/brucejapsen/2024/10/03/for-2025-unitedhealth-group-and-centene-expand-obamacare-footprints/>.

11. Oscar Insurance. (2024, October 21). Oscar Health Announces 2025 Market Expansion to Put Health Insurance in the Hands of More Americans [Press release]. Retrieved April 16, 2025, from <https://www.forbes.com/sites/brucejapsen/2024/10/03/for-2025-unitedhealth-group-and-centene-expand-obamacare-footprints/>.

12. Oscar Insurance. (2023, October 12). Oscar Health, Inc. Announces 2024 Market Expansion Plans, Offering Affordable, Accessible, and Technology-Enabled Care for the Eleventh Consecutive Year [Press release]. Retrieved April 16, 2025, from <https://www.hioscar.com/press/oscar-health-announces-2024-market-expansion-plans>.

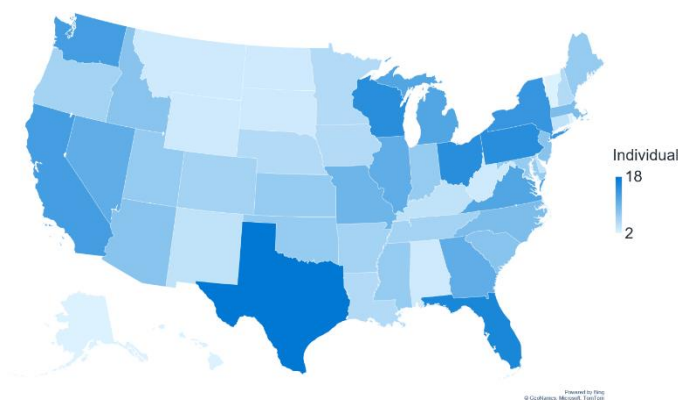
- **Wellpoint (Elevance subsidiary)** – entering the Florida, Maryland, and Texas individual markets for 2025<sup>13</sup> (note: Elevance will continue to offer marketplace plans in 14 other states for 2025<sup>14</sup>)
- **Aetna CVS Health** – maintaining 17-state footprint for 2025 after expanding to four new states in 2024<sup>15</sup>
- **Cigna** – exiting three states (Pennsylvania, South Carolina, and Utah) for 2025, but will continue to offer marketplace plans in 337 counties across 11 states<sup>16</sup>

A variety of state-level expansion and contraction activity is also occurring for 2025, some of which we highlight below:

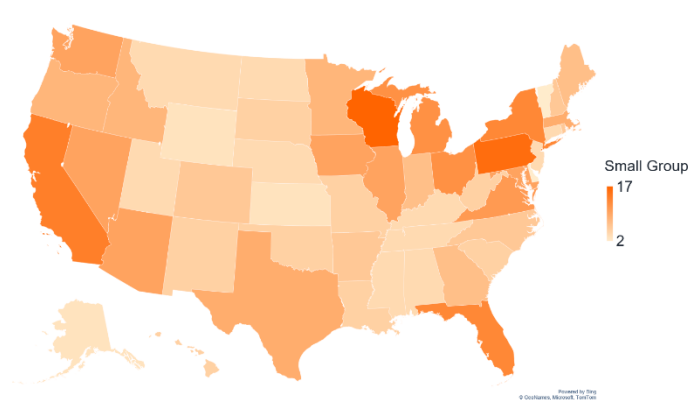
- **Antidote** – launching marketplace plans in Ohio and Arizona.<sup>17</sup>
- **Partners Insurance** – entering individual market in Pennsylvania<sup>18</sup> and New Jersey.
- **InStil Health Insurance Company** – entering individual market in South Carolina.
- **HAP CareSource** – HAP exited after 2018 but will re-enter the individual market in Michigan as HAP CareSource.<sup>19</sup>

Figures 6A and 6B illustrate the number of issuers filing 2025 rates in each state for the individual and small group markets, respectively. We also include an appendix summarizing state-specific issuer counts for each market in 2024 and 2025.

**FIGURE 6A: NUMBER OF ISSUERS SUBMITTING 2025 RATE FILINGS, INDIVIDUAL**



**FIGURE 6B: NUMBER OF ISSUERS SUBMITTING 2025 RATE FILINGS, SMALL GROUP**



13. Pifer, R. (2024, September 9). Elevance expands ACA plans in Florida, Texas, Maryland. Healthcare Dive. Retrieved April 16, 2025, from <https://www.healthcaredive.com/news/elevance-expands-aca-plans-florida-texas-maryland/726405/>.

14. Anthem. (n.d.). Open Enrollment for Health Insurance 2025. Retrieved April 16, 2025, from <https://www.anthem.com/individual-and-family/insurance-basics/health-insurance/open-enrollment-2025>.

15. CVS Health. (2023, October 30). Aetna CVS Health individual and family plans offer better care, access and value to consumers in 17 states [Press release]. Retrieved April 16, 2025, from <https://www.cvshealth.com/news/health-insurance/aetna-cvshealth-plans-offer-better-care-to-consumers-in-17-states.html>.

16. Cigna Healthcare. (2024, October 15) Cigna Healthcare Announces 2025 Marketplace Plans, Offering Quality, Affordable Health Care [Press release]. Retrieved April 16, 2025, from <https://newsroom.cigna.com/cigna-healthcare-announces-2025-marketplace-plans>.

17. Business Wire. (2024, October 7). Antidote Health Expands its Footprint into the On-Exchange Market in Ohio and Arizona [Press release]. Retrieved April 16, 2025, from <https://www.businesswire.com/news/home/20241007030667/en/Antidote-Health-Expands-its-Footprint-into-the-On-Exchange-Market-in-Ohio-and-Arizona>.

18. Wilson, R. (2023, October 2). Jefferson Health Plans entering Pennsylvania ACA market. Becker's Payer Issues. Retrieved April 16, 2025, from <https://www.beckerspayers.com/payer/jefferson-health-plans-entering-pennsylvania-aca-market/>.

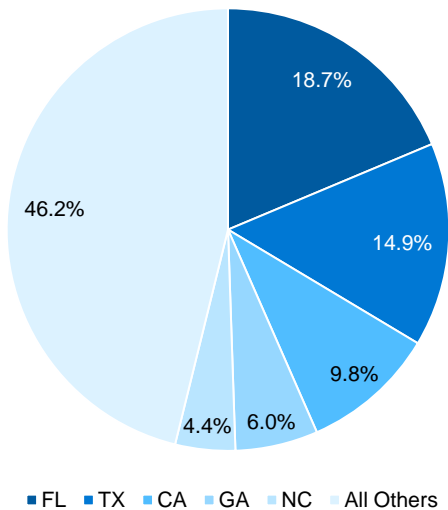
19. Health Alliance Plan of Michigan. (2024, November 1). HAP CareSource reenters Health Insurance Marketplace in Michigan, offering comprehensive health insurance to individuals and families [Press release]. Retrieved April 16, 2025, from <https://www.hap.org/news/2024/11/hap-caresource-reenters-health-insurance-marketplace-in-michigan>.

On average, small employer groups will have fewer ACA issuer options to shop from in 2025 relative to 2024. Relative to 2024, the number of participating small group ACA issuers decreased in 32 states (including the District of Columbia) and remained unchanged in 19 states—there are zero states with a higher number of participating small group issuers in 2025 compared to 2024. Nationally, 360 rate filings were accepted for the 2025 small group market, compared to 425 for plan year 2024. There are very few new product introductions or service area expansions occurring for 2025 in the small group market.

## ACA enrollment hits record highs in the individual market but declines in the small group market

Based on 2024 current enrollment reporting in each issuer's URRT, individual ACA enrollment increased over 29% in 2024 relative to 2023, to 22.4 million, including both on and off marketplace enrollment. By state, individual ACA market enrollment increased in 47 states and decreased in four states (relative to 2023 current enrollment reported in 2024 rate filings). Enhanced premium subsidies established through the ARPA and the IRA combined with enrollment churn attributed to Medicaid redetermination and the employer market (e.g., individual coverage health reimbursement arrangements, or ICHRAs) have contributed to the significant membership increases in the individual market.

FIGURE 8A: MIX OF REPORTED 2024 ENROLLMENT BY STATE, INDIVIDUAL ACA



Small group ACA enrollment decreased over 6% in 2024 from 2023 based on current enrollment reported in rate filings, down to 8.9 million members. By state, reported small group ACA market enrollment increased in seven states and decreased in 44 states. The availability of alternate funding arrangements, such as level-funded products and the growing trend of employers shifting members to the individual market through ICHRA plans, are some of the factors likely contributing to the recent enrollment trends in the small group ACA market. These factors are placing increasing pressure on small group issuers' claim costs, leading to higher average premium increases for the small group market in recent years (as highlighted in Figure 3).

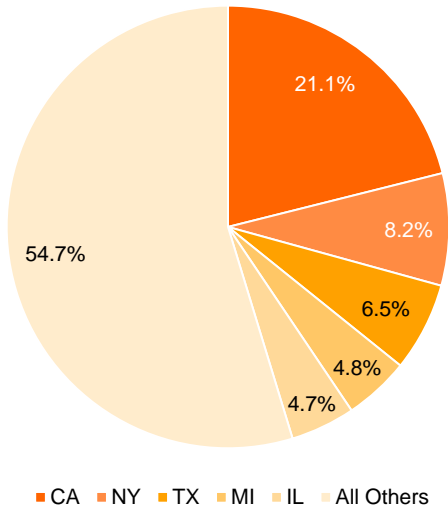
Figure 7 summarizes nationwide current ACA enrollment in 2023 and 2024 based on rate filing detail across all issuers with rate filings submitted in the past two years (2024 and 2025).

FIGURE 7: REPORTED CURRENT ENROLLMENT (NATIONWIDE), 2024 AND 2025 FILINGS

	2024 FILING (2023 ENROLLMENT)	2025 FILING (2024 ENROLLMENT)
(A) Individual	17,332,775	22,434,432
(B) Small Group	9,474,373	8,859,332

The top five states by enrollment account for over 50% of nationwide ACA enrollment for the individual market and just under 50% in the small group market, as shown in Figures 8A and 8B.

FIGURE 8B: MIX OF REPORTED 2024 ENROLLMENT BY STATE, SMALL GROUP ACA





Five states (California, Florida, Michigan, Pennsylvania, and Texas) have ACA enrollment totals ranking in the top ten of all states for *both* the individual and small group markets, while just two states (California and Texas) rank in the top three in both the individual and small group ACA markets. Florida has a more prominent individual market population compared to its small group population, while the opposite is true for New York. Note that New York operates a Basic Health Program<sup>20</sup> (BHP), which enrolls over 1.5 million New Yorkers,<sup>21</sup> greatly reducing the size of the New York individual market (compared to a scenario without the BHP).<sup>22</sup>

## Issuers project claims from 2023 to 2025 using average claims trends of 7%, higher for pharmacy claims

This section refers to average trends calculated using two years of cost and utilization trends by major service category (Inpatient, Outpatient, Professional, Other, Capitation, and Pharmacy) reported on URRT Worksheet 1. We aggregate pricing trends by issuer to the market level by weighting with total essential health benefit (EHB) claims by service category as reported by each issuer in URRT Worksheet 1.<sup>23</sup> We leverage the separate Year 1 (2023 to 2024) and Year 2 (2024 to 2025) trend values included in Worksheet 1 to develop the annualized trend estimate, meaning the stated trend estimates are applicable to the 2023 to 2025 time period.

For 2025 individual market issuers:

- Reported annualized pricing trends averaged 7.1% on a nationwide basis (4.6% cost, 2.4% utilization).
- Average annualized trends, including cost and utilization components, are highest for Pharmacy claims (10.0%) relative to a subtotal average across all medical claim categories (6.4%).

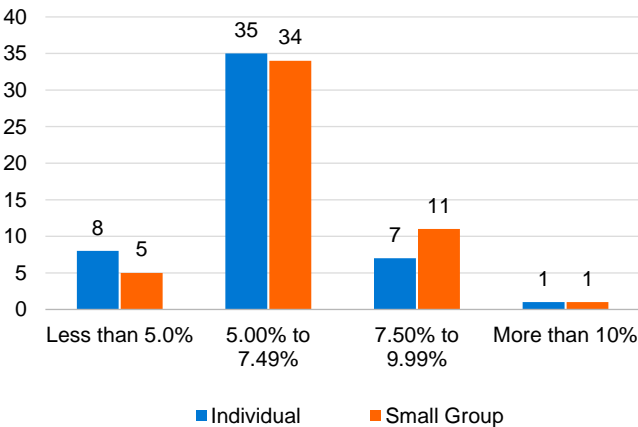
For 2025 small group market issuers:

- Reported annualized pricing trends averaged 7.3% on a nationwide basis (4.6% cost, 2.6% utilization).
- Average annualized trends, including cost and utilization components are highest for Pharmacy claims (10.0%) relative to a subtotal average across all medical claim categories (6.7%).

Many factors are placing upward pressure on recent pharmacy trends, including but not limited to the continued increase in utilization for GLP-1 medications and the continued impact of new high-cost prescription drugs and therapies coming to market. Conversely, increased adoption and utilization of biosimilars has helped to offset (i.e., deflate) prescription drug trends.<sup>24</sup> Note, significant variation exists in the average annualized trend assumptions by issuer and market.

Figures 9A and 9B summarize the number of states with carriers utilizing various ranges of average annualized 2023 to 2025 pricing trends for medical and pharmacy costs, respectively.

FIGURE 9A: COUNT OF STATES BY 2025 AVERAGE ANNUALIZED PRICING TRENDS, MEDICAL



20. See more information at <https://www.medicaid.gov/basic-health-program>.

21. NY State of Health (2025, January 31). 2024 Health Coverage Update [Press release]. Retrieved April 16, 2025, from <https://info.nystateofhealth.ny.gov/sites/default/files/EnrollmentReport2024final%20-%20updated.1.31.25.pdf>.

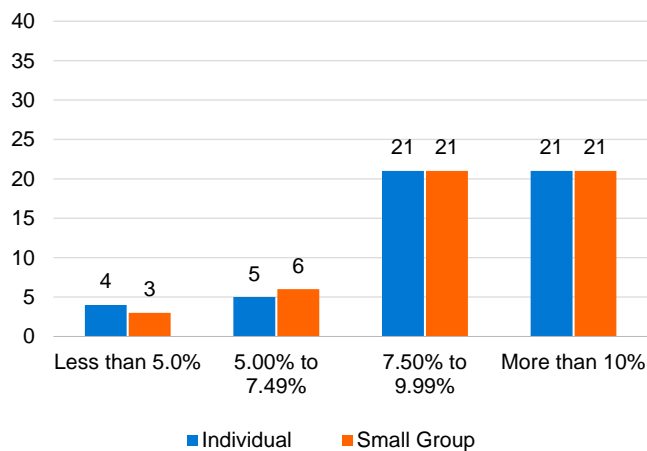
22. The New York small group market is also impacted by level-funded product regulations, which require more than 100 lives in the employer group to qualify. This rule likely drives a larger prevalence of small employer groups into the New York small group ACA market (whereas small groups with up to 50 lives in many other states are not restricted from enrolling in level-funded products).

23. In isolated instances (particularly for the New Hampshire individual rate review submissions), issuers with nonzero historical EHB claims reported trend factors of 0.000 in cases where the reported experience was assigned 0% credibility for pricing. In developing the 2025 market average trend factors weighted with historical EHB claims, we overrode certain reported trend factors to 1.000 (from 0.000) to avoid significantly understating the average trend estimates. Without these overrides, the estimated market average trends would be lower than those stated above (but would be understated after considering nuances in the rate filing detail).

24. Beinfeld, M., LaMountain, F., Wong, W., Kim, E., & Chambers, J. D. (2024, September). US Commercial Plans Increase Choice Of Biosimilar And Originator Products; Market Net Prices Decrease. Health Affairs, 43(9). Retrieved April 16, 2025, from <https://www.healthaffairs.org/doi/10.1377/hlthaff.2023.01532>.



FIGURE 9B: COUNT OF STATES BY 2025 AVERAGE ANNUALIZED PRICING TRENDS, PHARMACY



For both the individual and small group markets, carriers in a total of 21 states utilized average pharmacy trends in pricing that exceeded 10%. This compares to just one state in both markets where carriers utilized average medical trends that exceeded 10%.

Premium loads for non-benefit expenses average 17.3% for individual market issuers and 14.7% for small group market issuers

The 2025 URRT submitted rate filings include plan-level expense loads for administrative expenses, taxes and fees, and profit and risk on Worksheet 2. These values are reported on a percentage of premium basis<sup>25</sup> by plan design on Worksheet 2, but they can be aggregated to the issuer and market level. The URRT also includes an exchange user fee entry on Worksheet 1; this value is entered on a projected allowed basis, but it can be converted to a paid basis and ultimately compared to projected plan-adjusted index rates by carrier to determine the applicable percentage of premium load associated with the exchange user

fee. In cases where the exchange user fee is nonzero on Worksheet 1, it is assumed the taxes and fees percentages entered on Worksheet 2 do not include marketplace user fees. In the context of this white paper, we consider total retention to represent the sum of the implied percentage of premium exchange fee from Worksheet 1 and the three administrative cost components entered on Worksheet 2.

Percentage loads for profit and risk are higher in the individual market relative to the small group market. Issuers in the individual market pay higher fees due to the marketplace user fees associated with policies issued through the exchange. Excluding these differences, loads for general administrative expenses and other taxes and fees are similar as a percentage of premium for the individual and small group markets, as shown in Figure 10.

FIGURE 10: REPORTED AVERAGE 2025 NON-BENEFIT EXPENSES AS A PERCENT OF PREMIUM

		ADMIN EXPENSES	TAXES AND FEES	EXCHANGE FEES	PROFIT AND RISK	TOTAL
(A)	Individual	10.7%	1.9%	1.5%	3.2%	17.3%
(B)	Small Group	10.8%	1.7%	0.1%	2.1%	14.7%

Based on nationwide averages, premium loads for total non-benefit expenses equate to \$110 per member per month (PMPM) for the individual market and \$102 PMPM for the small group market.

Non-benefit expenses assumed in pricing vary significantly by state and market. Even when isolated to a given state and market, there exists a wide range of pricing assumptions between competing issuers, particularly with respect to assumed administrative expense loads and target profit as a percentage of premium.

Figures 11A and 11B highlight the average overall retention loads by state for the individual and small group markets, respectively.

<sup>25</sup> Carriers often price with a combination of fixed and variable expense items. All fixed and variable expense items by plan design are converted to a percentage of premium basis for URRT reporting.

FIGURE 11A: INDIVIDUAL MARKET, AVERAGE 2025 TOTAL RETENTION LOAD INCLUDING ADMIN, TAXES AND FEES, AND PROFIT (% OF PREMIUM)

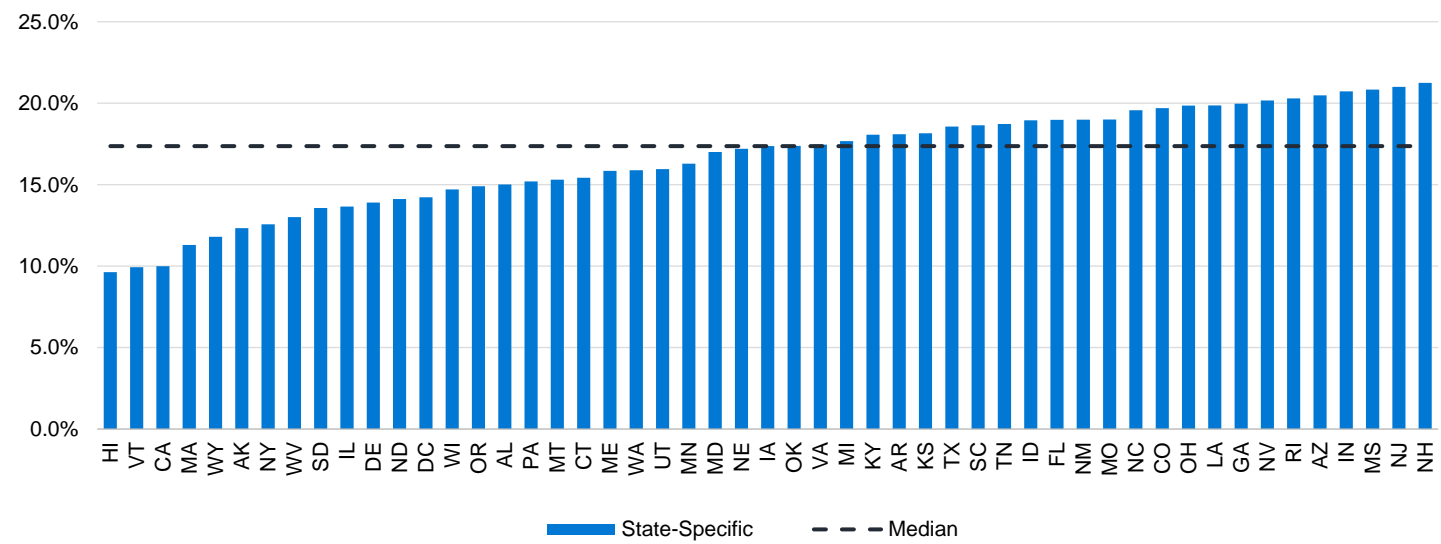
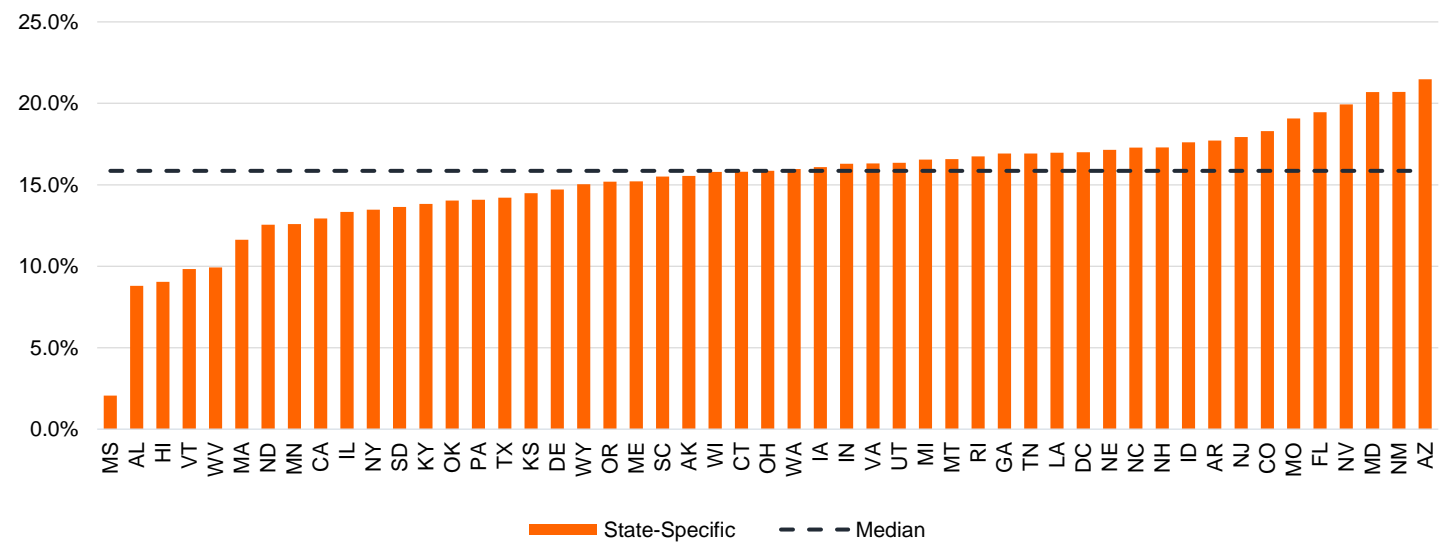


FIGURE 11B: SMALL GROUP MARKET, AVERAGE 2025 TOTAL RETENTION LOAD INCLUDING ADMIN, TAXES AND FEES, AND PROFIT (% OF PREMIUM)



Varying assumptions for profit and risk loads are a key contributor to the wide range of percent of premium loads associated with non-benefit expense components. Note that carriers can elect to utilize negative profit margin to reflect strategy or other business decisions, but treatment and required support for such rating assumptions vary by state. For example, there are two states in the individual market (California and Hawaii) and three states in the small group market (California,

Hawaii, and Mississippi) for which the average profit and risk load is negative for 2025 rate filings. These outcomes are driven by a single carrier in the market with material market share utilizing a negative profit margin assumption, with all other carriers utilizing a profit margin target greater than 0%.

## Average loss ratios improved for the individual market but worsened for the small group market from 2022 to 2023

The URRT includes a loss ratio calculation representing paid and incurred claims (net of state-specific reinsurance recoveries) divided by premium (net of risk adjustment), based on the carrier’s plan-level experience reported on Worksheet 2. Based on this reporting and 2023 enrollment weights by plan and issuer, we estimate loss ratios in total and by metallic tier on a nationwide basis for the individual and small group markets.<sup>26</sup>

Figure 12 summarizes average nationwide loss ratios by metallic tier for 2022 and 2023 individual and small group market experience based on information reported for ACA-compliant plans on URRT Worksheet 2. The individual market results show a considerably steeper slope in the loss ratios by metallic tier compared to the small group market, with bronze loss ratios below 71% and platinum loss ratios above 108% in both years.

FIGURE 12: REPORTED LOSS RATIOS BY METALLIC TIER, 2022 AND 2023 CALENDAR YEAR EXPERIENCE

	INDIVIDUAL		SMALL GROUP	
	2022	2023	2022	2023
(A) Catastrophic	76.2%	69.3%	N/A	N/A
(B) Bronze	70.7%	65.9%	78.0%	76.6%
(C) Silver	85.4%	85.9%	80.1%	80.0%
(D) Gold	93.1%	90.6%	85.7%	86.6%
(E) Platinum	109.6%	108.1%	90.7%	93.1%
(F) Total	84.0%	82.4%	84.7%	85.5%
(G) Average Rate Increase in Year + 2	6.0%	6.4%	7.0%	8.0%

Note: Loss ratio calculations are consistent with the methodology in the URRT and represent paid and incurred claims (net of state-specific reinsurance recoveries) divided by premium (net of risk adjustment) based on plan-level experience reported on Worksheet 2. Estimates for 2022 experience reflect information reported by carriers in 2024 rate filings.

Figures 13A and 13B illustrate the variance in reported 2023 loss ratios by state for the individual and small group markets, respectively. Individual market loss ratios improved in 2023 versus 2022 in 27 states (deteriorated in 24 states), while small group market loss ratios improved in just 13 states (deteriorated in 38 states). Based on an analysis of all 51 states and the District of Columbia, moderate correlation exists between the state average 2023 experience period loss ratio and the state average 2025 rate increase (0.622 for individual market, 0.585 for small group market).

FIGURE 13A: 2023 REPORTED LOSS RATIO BY STATE, INDIVIDUAL MARKET

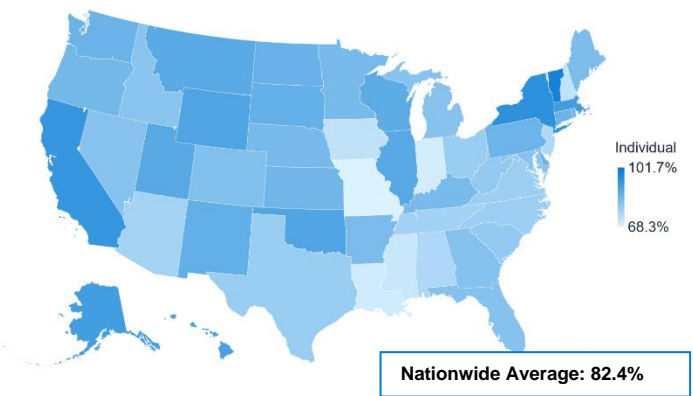
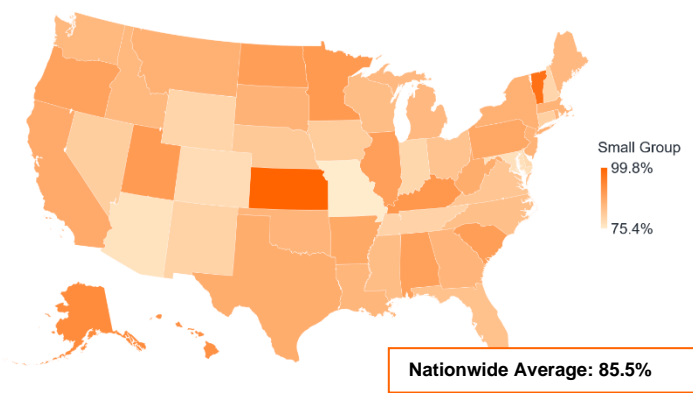


FIGURE 13B: 2023 REPORTED LOSS RATIO BY STATE, SMALL GROUP MARKET



26. Note that CMS published final 2023 risk adjustment transfer results in July 2024, but these results were unknown at the time of the rate filing deadlines for most carriers. As such, risk adjustment transfers reported in the 2025 URRT often do not align with the final (known) risk adjustment transfer results published by CMS. However, some carriers or states have access to reliable estimates of risk adjustment transfers by plan through statewide simulation studies (in which case risk transfers in the URRT do align closely with actual risk transfer results by plan or issuer).

Note, the reporting accuracy of risk transfer results varies significantly by market and may have further limitations when viewed at the plan level. For example, some carriers choose to report risk adjustment transfers consistently across all plans (on a PMPM or percentage of premium basis), while others report actual or estimated risk transfers based on more granular plan-level modeling. Further analysis is warranted to fully understand underlying drivers of plan performance by metallic tier and whether insights are influenced by reporting bias or indicative of actual carrier experience. Such analysis should also thoroughly assess the similarities and differences between loss ratios produced by the URRT based on issuer reported experience versus the medical loss ratio (MLR) calculation underlying statutory financials and MLR filings.

## The ACA market has adjusted to significant changes in the past, with potentially more changes coming in 2026

As we look ahead to 2026, the ACA rate filing cycle is fraught with uncertainties, particularly if enhanced premium subsidies are not extended or if the Market Integrity and Affordability Rule is implemented as proposed.<sup>27</sup> These potential policy shifts could impact enrollment levels and average morbidity in the single risk pool, likely influencing issuer strategies and product development for the 2026 plan year. Plan year 2026 rate filing assumptions also have the potential to draw a heightened level of scrutiny from federal and state regulators depending on issuer reactions to the evolving landscape.

In addition to regulatory uncertainties, issuers will face continued cost pressures from medical inflation and high-cost prescription drugs. The potential expiration of enhanced premium subsidies may also increase price sensitivity among consumers remaining in the individual market, prompting more members to shop for and switch to lower-cost plan options available in the marketplace.

For the small group market, the trend of small employer groups seeking coverage outside the ACA market is contributing to greater volatility in claim costs, higher average rate increases, and a notable trend of participating issuers exiting the market. If this trend continues, it could further erode enrollment and issuer participation in the ACA market over the long term. Stakeholders should closely monitor both the immediate and future outlook of the small group ACA market. Issuers should conduct performance evaluations on existing product lines and consider implications of membership shifting between risk pools on the average morbidity for the remaining risk pool. Potential regulatory interventions (e.g., merging of risk pools or revised regulations) could also drive meaningful change in the outlook for this market.

Despite these challenges, opportunities for carriers to succeed in ACA markets remain. For the individual market in particular, enrollment levels are at an all-time high, and while changes are likely assuming no further congressional action, the marketplace is expected to remain a popular destination for individual consumers seeking health insurance; issuers capable of optimizing products through strategic pricing and execution will continue to find opportunities for profitability and success. The new administration could also implement changes to the market that could alter strategies. By adapting to regulatory changes, effectively managing costs, and responding to consumer price sensitivity, carriers can continue to thrive and provide valuable coverage options to consumers. The evolving landscape presents both risks and possibilities, and proactive strategies will continue to be key to navigating the uncertainties of 2026 and beyond.

Milliman offers robust tools and solutions to assist carriers in leveraging the latest ACA competitive intelligence and fully integrating these insights into pricing and product strategies. Experienced ACA carriers and new market entrants alike are increasingly leveraging these resources to inform strategy and enhance decision-making frameworks. To learn more about these tools, please contact your Milliman consultant.

27. See more information at <https://www.cms.gov/newsroom/fact-sheets/2025-marketplace-integrity-and-affordability-proposed-rule>.

Appendix (rate filings by state)

The appendix illustrates the number of rate filings for plan years 2024 and 2025 in each state and market. Counts reflect the number of accepted rate filings in each state that are aligned with coverage dates effective January 1<sup>st</sup> (i.e., quarterly/midyear rate filings for the small group market are not counted).

APPENDIX: ACA ISSUER PARTICIPATION BY STATE (2024 AND 2025)						
STATE	2024 INDIVIDUAL	2025 INDIVIDUAL	Δ IND	2024 SMALL GROUP	2025 SMALL GROUP	Δ SG
AK	2	2	0	4	3	(1)
AL	3	3	0	4	4	0
AR	6	6	0	7	6	(1)
AZ	9	8	(1)	10	10	0
CA	13	13	0	17	14	(3)
CO	6	6	0	6	6	0
CT	4	4	0	6	4	(2)
DC	3	3	0	8	6	(2)
DE	4	4	0	5	2	(3)
FL	14	16	2	13	13	0
GA	10	11	1	9	7	(2)
HI	2	2	0	5	5	0
IA	3	5	2	11	10	(1)
ID	8	8	0	8	8	0
IL	12	11	(1)	12	10	(2)
IN	6	7	1	10	7	(3)
KS	8	7	(1)	6	3	(3)
KY	4	4	0	4	4	0
LA	6	5	(1)	6	5	(1)
MA	10	9	(1)	10	9	(1)
MD	6	7	1	10	10	0
ME	9	7	(2)	9	7	(2)
MI	12	12	0	12	12	0
MN	5	5	0	9	8	(1)
MO	9	10	1	8	5	(3)
MS	6	7	1	5	4	(1)
MT	3	3	0	4	4	0
NC	9	9	0	7	6	(1)
ND	3	3	0	5	4	(1)
NE	4	5	1	4	4	0
NH	4	5	1	6	6	0

28. Weighted on current enrollment by state as reported in the 2025 URRT. Note, this metric does not equate to the number of issuers available to each consumer in the market since all carriers are not offering plans in all counties of each state. Many carriers utilize limited service areas for some or all of their product lines.

STATE	2024 INDIVIDUAL	2025 INDIVIDUAL	Δ IND	2024 SMALL GROUP	2025 SMALL GROUP	Δ SG
NJ	8	8	0	6	4	(2)
NM	5	4	(1)	5	5	0
NV	11	11	0	12	10	(2)
NY	15	14	(1)	16	13	(3)
OH	14	15	1	14	12	(2)
OK	8	7	(1)	7	5	(2)
OR	6	6	0	8	8	0
PA	15	15	0	21	16	(5)
RI	2	2	0	6	6	0
SC	7	8	1	7	5	(2)
SD	3	3	0	6	5	(1)
TN	7	6	(1)	5	4	(1)
TX	17	18	1	9	9	0
UT	8	7	(1)	5	4	(1)
VA	14	12	(2)	17	11	(6)
VT	2	2	0	2	2	0
WA	14	13	(1)	13	10	(3)
WI	15	15	0	18	17	(1)
WV	3	3	0	5	5	0
WY	2	3	1	3	3	0
State Average <sup>28</sup>	11	12	1	12	10	(2)

## Caveats, limitations, and qualifications

The information in this paper is intended to analyze issuer participation, recent loss ratio experience, current enrollment, premium changes, and trends in the ACA market. It may not be appropriate, and should not be used, for other purposes.

We relied on publicly available datasets published by CMS to support the data presented in this paper. We excluded any data included for Stand-Alone Dental Plans (SADPs) and any midyear 2024 rate submissions for the small group market, focusing our analysis on the 2025 plan year submission data. If this information is incomplete or inaccurate, our observations and comments may not be appropriate. We reviewed the data for reasonability but did

not audit the data. However, for certain carriers and markets with 0% credibility in experience data (specifically Rocky Mountain Hospital and Medical Service in Nevada, Anthem Health Plans and Matthew Thornton Health Plan in New Hampshire, and Molina Healthcare in Idaho), trend factors were set to 1.0 instead of 0 as reported in the dataset. This approach avoids understating market average trend estimates by neutralizing the effect of unreliable reported trend information.

Matt Mraz and Sarah Marion are members of the American Academy of Actuaries and meet the qualification standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

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Milliman leverages deep expertise, actuarial rigor, and advanced technology to develop solutions for a world at risk. We help clients in the public and private sectors navigate urgent, complex challenges—from extreme weather and market volatility to financial insecurity and rising health costs—so they can meet their business, financial, and social objectives. Our solutions encompass insurance, financial services, healthcare, life sciences, and employee benefits. Founded in 1947, Milliman is an independent firm with offices in major cities around the globe.

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