CRC BENEFITS

Premium Shock Ahead? How 2026 Marketplace Increases Could Drive Group Plan Growth

Millions of individuals currently benefit from enhanced premium tax credits (ePTCs) introduced under the American Rescue Plan and extended by the Inflation Reduction Act. Unless Congress acts again, those subsidies will expire on December 31, 2025.[1]

Premiums for individual health plans are projected to increase significantly in 2026. Early filings in several states already reflect proposed average increases above 25%.

Although the political outcome is unknown, brokers and employers should begin preparing now. The expiration of enhanced subsidies will likely drive enrollment changes, cost shifts, and plan reevaluations across both individual and group markets.

WHY 2026 MAY LOOK VERY DIFFERENT

The current subsidy structure expanded access to individual coverage by reducing monthly premiums across a broad swath of income levels. If these subsidies are allowed to expire, many individuals will see their out-of-pocket premiums increase substantially. Some may no longer qualify for assistance at all.

Without enhanced subsidies, millions may no longer be able to afford individual health coverage.

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Without those subsidies, continuing individual coverage may not be financially feasible for many households. When that happens, people tend to explore alternatives, especially if employer-sponsored group coverage is available.

This pattern has emerged in prior policy shifts, and the industry is already bracing for another potential round.

WHAT'S HAPPENING NOW?

In states like Colorado, individual market insurers have already filed proposed 2026 rate increases with the Division of Insurance. While final approvals are still pending, the preliminary numbers are striking. One major exchange has reported an average proposed increase of 28%, with some carriers requesting hikes exceeding 30% in rural areas.[2]

These numbers vary by market but underscore a consistent theme. If enhanced premium subsidies expire, individual plan costs will climb. Enrollment will likely decline. Some individuals will return to group plans. Others may go without coverage altogether.

One state's proposed 2026 rates reflect average increases near 28 percent.

Other states are expected to follow a similar path. Brokers in every market should be preparing for a realignment in consumer behavior and employer response.

WHAT THIS MEANS FOR EMPLOYERS

If Marketplace plans become less affordable, employer-sponsored health plans will see renewed interest. This may come from employees who previously waived coverage, part-time staff who now seek eligibility, or families reconsidering how they split coverage across household members.

For employers, this shift could create both opportunity and strain. Higher group enrollment may result in:

- Increased employer contribution costs
- Pressure on participation thresholds
- Questions about eligibility and waiting periods
- A need for expanded plan options or voluntary benefits

Employers that are not prepared may face budget challenges or compliance complications. Those who work closely with their broker can navigate these changes more effectively.

TOOLS BROKERS CAN USE

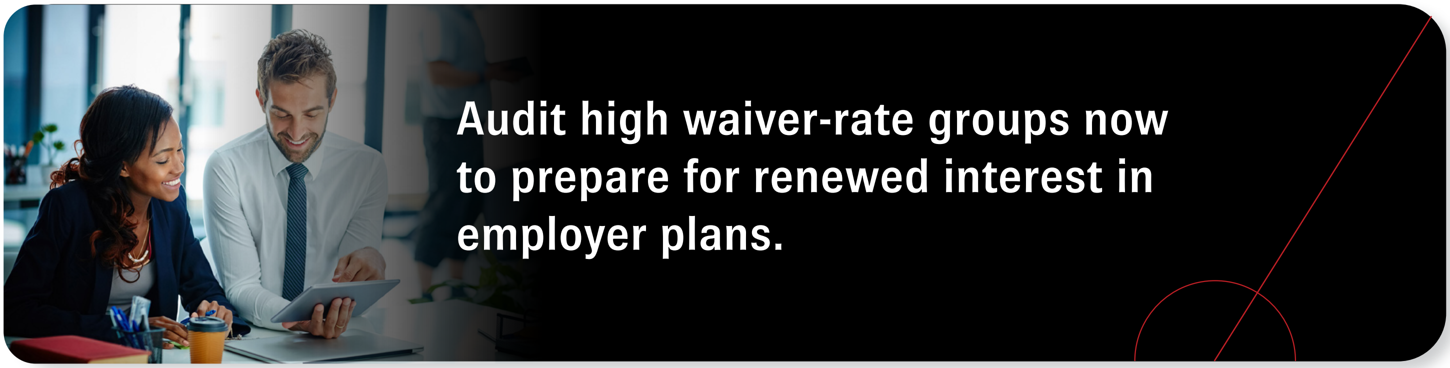
Brokers who start planning now can provide a steady hand as these changes take hold. Below are five areas to focus on before renewal season.

1. Audit groups with high waiver rates

Groups with many employees waiving coverage today may experience a sudden uptick in enrollments next year. Help clients model different scenarios and assess their current contribution and eligibility strategies.

2. Reevaluate contribution models

Employers may need to reconsider their contribution percentages for employees and dependents. If the group plan is becoming the default option for more workers, affordability and fairness become critical.



3. Educate employees and employers

Most individuals do not realize the current subsidies are temporary. Provide educational materials that explain what is happening, who it may affect, and why group coverage may now be the smarter option.

4. Help employers prepare for new enrollees

Employees who opted for Marketplace coverage in recent years may need help understanding group eligibility, enrollment timelines, and coverage options. Employers will need to be equipped to support those questions.

5. Identify new group plan candidates

Some small employers who previously relied on the individual market for their workforce may be open to exploring group coverage for the first time. Use this moment to revisit prior prospects or cold leads and reintroduce group options that are both affordable and administratively manageable.

WHAT THIS MEANS FOR BROKERS

Regulatory change is often a catalyst for benefit strategy shifts. The possible expiration of enhanced tax credits is exactly the kind of event that can reshape the benefits landscape, especially for smaller employers. Brokers who are informed, proactive, and able to explain these dynamics clearly will stand out. You can add value by:

- Helping clients forecast plan participation
- Explaining tax and compliance implications
- Aligning contribution models with budget expectations
- Offering strategies that reduce risk and boost value

Brokers who start the conversation now will be the partners clients remember in 2026.

THE BOTTOM LINE

Unless Congress takes action, enhanced premium tax credits for individual coverage are set to expire at the end of 2025. That change could make individual health insurance unaffordable for many, leading to a shift back toward employer-sponsored coverage.

Brokers have a clear opportunity to lead the conversation. By helping employers prepare for increased enrollment, adjust contribution strategies, and evaluate their benefit offering as a whole, you can position yourself as a trusted partner in a shifting environment. Start talking to your groups now. Look at waiver rates, reexamine participation, and use this moment to bring strategic clarity to your clients before renewal crunch time begins.

CONTRIBUTORS

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END NOTES

1. KFF June 2025 “KFF Health Tracking Poll: ACA Enhanced Subsidies “ https://www.kff.org/affordable-care-act/kff-health-tracking-poll-aca-enhanced-subsidies/
2. Colorado Newsline July 2025 “Colorado health insurance premiums could spike in 2026” https://coloradonewsline.com/briefs/colorado-health-insurance-premiums-could-spike/