

Why Health Insurance Premiums Continue to Skyrocket — and What Congress Can Do About It

Across the country, people are experiencing sticker shock when they open their annual insurance rate notices and discover their 2026 premium increases. People with employer-sponsored health coverage and those who buy a plan in the individual or small-group insurance market are getting hit especially hard, at a time when working families are already struggling under the burden of high costs for health care, groceries and other basic necessities. On average, **health insurance rates will be 26% higher** in the individual insurance markets than last year.

Why are health insurance premiums spiking? Decades of data show prices for hospital services and prescription drugs continue to be the leading drivers of high and rising health insurance premiums for both people who get coverage through their employers and people who purchase insurance in the Affordable Care Act (ACA) marketplaces. The majority of 2026 rate filings directly connect higher insurance rates to these high and rising costs.¹ To make matters worse, insurers are also raising premiums to account for the looming expiration of enhanced premium tax credits, which would force millions of people to drop their coverage.

Families USA reviewed insurers' 2026 rate filings to understand the key drivers of high and rising health insurance premiums for people seeking to enroll in the ACA's individual and small-group health insurance coverage for plan year 2026.

Top Drivers of Rising Insurance Premiums in the Individual and Small-Group Market, as Listed in 2026 Rate Filings

Leading Drivers of Premium Rates	Impact on Premiums
High hospital and provider prices driven by health care consolidation	As has been the case for many years, 2026 individual market rate filings point to hospital and provider prices as leading drivers of rising health insurance premiums in the individual market, as well as the employer-sponsored market. ^{2,3} These high prices are the direct result of decades of unchecked health care consolidation, particularly among hospitals, and providers' ability to increase prices year after year with no accountability. ⁴
Rising prescription drug costs	The majority of 2026 rate filings highlight the impact of high costs for specialty drugs and biologics, including physician-administered drugs and GLP-1 injectables, as leading drivers of rising health insurance premiums. ^{5,6}
Expiration of enhanced premium tax credits and risk pool shifts in the ACA marketplaces	Many 2026 rate filings attribute rising premiums in part to the anticipated expiration of enhanced premium tax credits as well as tighter enrollment rules due to the recently finalized marketplace integrity rule. ⁷ Taken together, these major policy changes result in healthier people dropping off coverage they cannot afford, significantly increasing average risk pool scores in the individual market and driving increases in health care premiums. ^{8,9,10}
Increased utilization of certain services and growing administrative costs	Other factors contributing to rising 2026 insurance premiums include increases in health care utilization, particularly for chronic and behavioral health needs, and increases in operational costs associated with staffing, technology, claims processing and regulatory compliance. ^{11,12}



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Congress has the power to lower health care costs

Health care costs do not need to be this high. Congress must act now to protect our nation's families and businesses and stand against the greed of big health care corporations by lowering health care costs. Specifically, Congress should take immediate action to:

- Extend the enhanced premium tax credits to avoid a “premium cliff” for millions of working families.
- Hold corporate health systems accountable for charging excessive health care prices by:
 - Stopping corporate health systems from charging Medicare more for the same procedures if performed at a hospital facility instead of a doctor's office.
 - Requiring all hospitals and health plans to disclose the prices they charge in dollars and cents in a clear format.
 - Closing legal loopholes that allow drug companies to raise prices by ending patent abuses.
 - Restricting predatory billing practices by providers that increase health care costs.
 - Prohibiting Medicare Advantage companies from exaggerating patients' health risks to get paid more from the federal government.
 - Reforming the way doctors and providers are paid so pay is based on keeping people healthy and providing quality care rather than performing a larger number of procedures.

Endnotes

- ¹ Jared Ortaliza et al., “How Much and Why ACA Marketplace Premiums Are Going Up in 2026,” Peterson-KFF Health System Tracker, August 6, 2025, <https://www.healthsystemtracker.org/brief/how-much-and-why-aca-marketplace-premiums-are-going-up-in-2026/>; Cynthia Cox et al., “Health Care Costs and Affordability,” KFF, October 8, 2025, <https://www.kff.org/health-costs/health-policy-101-health-care-costs-and-affordability/>; Salpy Kanimian and Vivian Ho, “Why Does the Cost of Employer-Sponsored Coverage Keep Rising?” *Health Affairs Scholar* 2, no. 6 (June 2024): qxae078, <https://pmc.ncbi.nlm.nih.gov/articles/PMC11195578/>.
- ² Ortaliza et al., “How Much and Why.”
- ³ “No Let Up in Sight. Medical Cost Trend Set to Grow at 8.5%. Is Your Playbook Ready?” PwC, July 16, 2025, <https://www.pwc.com/us/en/industries/health-industries/library/behind-the-numbers.html>.
- ⁴ Rachel Ekaireb, Anna Yap, and Robert Kucejko, “Vertical Integration and Market Consolidation in Healthcare: Policy Drivers and Impact on Physicians and Patient Care,” *Seminars in Colon and Rectal Surgery* 35, no. 3 (September 2024): 101038, <https://www.sciencedirect.com/science/article/pii/S104314892400037X>.
- ⁵ Ortaliza et al., “How Much and Why”; Jason Karcher et al., “Drivers of 2026 Premium Changes,” American Academy of Actuaries, July 2025, <https://www.actuary.org/wp-content/uploads/2025/07/brief-Drivers-2026-Premium.pdf>. The cost of GLP-1 drugs is cited as a factor in many individual market rate filings posted on HealthCare.gov (<https://ratereview.healthcare.gov/>) and reviewed by Families USA in August 2025.
- ⁶ Families USA’s review of filings publicly posted on HealthCare.gov (<https://ratereview.healthcare.gov/>) and on state insurance department websites, July and August 2025.
- ⁷ Ortaliza et al., “How Much and Why.”
- ⁸ Ortaliza et al., “How Much and Why”; “Health Insurance Premium Hikes in 2026: Systemic Risks and Investment Implications,” AInvest, August 22, 2025, <https://www.ainvest.com/news/health-insurance-premium-hikes-2026-systemic-risks-investment-implications-2508/>.
- ⁹ Matt McGough et al., “Early Indications of the Impact of the Enhanced Premium Tax Credit Expiration on 2026 Marketplace Premiums,” Peterson-KFF Health System Tracker, June 3, 2025, <https://www.healthsystemtracker.org/brief/early-indications-of-the-impact-of-the-enhanced-premium-tax-credit-expiration-on-2026-marketplace-premiums/>.
- ¹⁰ Other factors affecting risk pools include reduced federal contributions to reinsurance pools that serve to compensate for high risks and the shift of some employers to level-funded and self-funded coverage, which undermines risk pools and drives up the cost of insurance plans that provide full ACA benefits and protections.
- ¹¹ Ortaliza et al., “How Much and Why.”
- ¹² “H.R. 1: The Many Harmful Impacts of Trump’s Health Care Cuts on Coverage, Costs, and Care,” Families USA, updated July 21, 2025, https://familiesusa.org/wp-content/uploads/2025/08/Families-USA_H.R.-1-Summary-Updated-8.1.25.pdf; “Patient Protection and Affordable Care Act; Marketplace Integrity and Affordability,” Department of Health and Human Services, Centers for Medicare & Medicaid Services, *Federal Register* 90, no. 120 (June 25, 2025): 27074. As of this writing, the rule is blocked by the U.S. District Court for the District of Maryland through a temporary restraining order.

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