

WHITE PAPER

Impact of the 2027 Federal Actuarial Value Calculator Updates

Darren Johnson, FSA, MAAA

Michelle Anderson, FSA, MAAA

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SUMMARY OF CHANGES AND RESULTING IMPACTS

The 2027 Federal Actuarial Value Calculator (AVC), released on February 25, 2026, maintains a methodology consistent with previous versions but incorporates partially updated underlying data and revised Platinum continuance tables.¹ Inflation continues to drive high trend, **pushing many plans beyond the upper thresholds of the de minimis ranges** and, thus, out of compliance. Offsetting this dip, the 2027 maximum out-of-pocket (MOOP) limit increased sharply—from \$10,600 in 2026² to \$12,000 in 2027—the **largest MOOP jump to date**. The proposed 2027 Notice of Benefit and Payment Parameters³ (NBPP) also suggests the possibility of even higher MOOP limits for Bronze and Catastrophic metal tiers up to 130%. The combined effects of these adjustments, and their implications for plan compliance and value, are examined further in the following sections.

2027 AVC CHANGES

Underlying Data

The 2027 AVC marked the third year that the claims data underlying the model were sourced from the External Data Gathering Environment (EDGE) server Affordable Care Act (ACA) data. The previous two models used 2021 benefit year data; for 2027 it was an even blend of 2021–2023 data.

As always, a blend of individual and small group data was used to form the continuance tables, as opposed to having separate continuance tables for each market. A change in the years of data used resulted in a revised distribution of services that affects the sensitivity of cost sharing on certain service categories and the overall results.

For the individual portion of the data, HMO/EPO products were weighted at 85% of the data, while PPO/place of service (POS) products were 15%, in contrast to the 2026 model which used 70%/30% as the weighting factors, respectively. Small group data continued to be weighted at 40%/60%, respectively, between the two product categories.

¹ Centers for Medicare & Medicaid Services. Final 2027 Actuarial Value (AV) Calculator Methodology. February 25, 2026. Available at: <https://www.cms.gov/files/document/final-2027-av-calculator-methodology.pdf>.

² Centers for Medicare & Medicaid Services. Premium Adjustment Percentage, Maximum Annual Limitation on Cost Sharing, Reduced Maximum Annual Limitation on Cost Sharing, and Required Contribution Percentage for the 2027 Benefit Year. January 29, 2026. Available at: <https://www.cms.gov/files/document/2027-papi-parameters-guidance-2026-01-29.pdf>.

³ US Department of Health and Human Services. HHS Notice of Benefit and Payment Parameters for 2027 Proposed Rule. Fact Sheet. February 9, 2026. Available at: <https://www.cms.gov/newsroom/fact-sheets/hhs-notice-benefit-payment-parameters-2027-proposed-rule>.

Trends

The data were trended from the underlying years to the projected years. The respective trends used for each year of data are shown in Table 1. Note that trend is applied solely to unit cost; no trend is applied to utilization.

Table 1. Comparison in Annual Trends Used

Period	Medical Claims	Pharmacy Claims
2021–2022	3.2%	4.6%
2022–2023	5.8%	8.7%
2023–2024	5.4%	8.2%
2024–2025	6.4%	9.9%
2025–2026	6.4%	10.1%
2026–2027	6.7%	10.7%

Both medical and pharmacy trends have been increasing year over year with the latest year, 2026–2027, unsurprisingly having the highest trends for both medical and pharmacy. In addition, total per member spending increased for all metal levels when compared with the 2026 model, as seen in Tables 2 and 3. Results are further split into medical and pharmacy specific results in Appendixes A.1. and A.2.

Table 2. Annual Allowed Costs by Metal and Model Year

Metal Level	2023 Allowed	2024 Allowed	2025 Allowed	2026 Allowed	2027 Allowed
Platinum	\$7,159	\$7,583	\$8,593	\$9,230	\$14,965
Gold	\$7,699	\$8,159	\$8,405	\$9,034	\$9,202
Silver	\$6,792	\$7,192	\$6,873	\$7,386	\$7,764
Bronze	\$4,799	\$5,073	\$4,843	\$5,190	\$5,413

Table 3. Percentage Difference in Allowed Costs by Metal and Model Year

Metal Level	Difference 24/23	Difference 25/24	Difference 26/25	Difference 27/26
Platinum	5.9%	13.3%	7.4%	62.1%
Gold	6.0%	3.0%	7.5%	1.9%
Silver	5.9%	-4.4%	7.5%	5.1%
Bronze	5.7%	-4.5%	7.2%	4.3%

The main change is the dramatic increase in total Platinum spending.⁴ This adjustment affects more than Platinum plans, as **the continuance tables are also used to value cost share reduction (CSR) 94% plans**. As a result, those plans are especially susceptible to exceeding the de minimis range because they are bounded within the 94%–95% actuarial value range.

With the use of historical data from the enrollee-level EDGE, the metal-specific cost distributions are based on metal-specific data, which may cause the calculator data used for projected costs to diverge from experience in a given year. That said, the deviation may be even more pronounced given regulatory changes such as the American Rescue Plan enhanced premium

⁴ For more on the opportunities of this change for Platinum plans specifically, go to: <https://www.wakely.com/blog/platinum-plans-strategic-design-opportunity-or-repeat-of-past-mistakes/>.

subsidies expiring and states exercising varying Silver loading practices. The distribution of membership by metal and inherent risk of the enrollees has and will continue to shift—potentially dramatically—with the magnitude and direction of those shifts varying by state.

Service Category Level Data

The impact of service category level changes are difficult to predict, although the increases in the allowed cost levels per member of the projection data used in the AVC will directly result in increases to the calculated actuarial value (AV). This dynamic occurs by inherently increasing the value to the insured of a given deductible or MOOP level, as more members will hit those levels given higher average annual allowed costs. Thus, a plan that was compliant with the de minimis range last year may increase above the higher end of the required range and require benefit decreases to maintain compliance.

The tables above and in the Appendixes summarize the overall cost impacts of the change in the underlying dataset; however, the category level changes are even more dramatic and have significant effects on the AV calculation for certain plan designs. Table 4 below shows the 2027 annual allowed costs on a per member basis and the change from 2026 to 2027, at the federal AVC service category level.

Table 4. Total Annual Allowed Costs by Service Category, 2027

Category	2027				Change from 2026 to 2027			
	Platinum	Gold	Silver	Bronze	Platinum	Gold	Silver	Bronze
Emergency Department	\$846	\$637	\$536	\$512	\$210	\$80	\$68	\$80
Inpatient	\$2,360	\$1,366	\$1,110	\$918	\$802	(\$43)	(\$17)	\$6
Primary Care	\$369	\$276	\$246	\$183	\$64	(\$15)	(\$7)	(\$12)
Specialist	\$951	\$673	\$595	\$447	\$260	\$10	\$26	\$10
Mental Health and Substance Abuse (MHSA)	\$608	\$369	\$303	\$183	\$254	\$19	\$31	\$12
Imaging	\$246	\$166	\$138	\$106	\$65	(\$8)	(\$2)	(\$2)

Category	2027				Change from 2026 to 2027			
	Platinum	Gold	Silver	Bronze	Platinum	Gold	Silver	Bronze
Speech Therapy	\$19	\$11	\$8	\$6	\$9	\$2	\$2	\$1
OT + PT	\$235	\$196	\$157	\$118	\$32	(\$2)	\$5	\$2
Preventive	\$499	\$397	\$375	\$322	\$99	\$34	\$43	\$25
Laboratory	\$465	\$298	\$270	\$213	\$232	\$58	\$59	\$46
X-rays	\$334	\$246	\$216	\$167	\$84	(\$4)	\$2	\$1
SNF	\$18	\$10	\$8	\$6	\$8	(\$1)	(\$0)	\$0
Generics	\$401	\$329	\$283	\$178	\$67	(\$2)	\$6	\$3
Preferred Brand	\$1,768	\$828	\$699	\$277	\$1,032	\$112	\$128	\$46
Non-Preferred Brand	\$897	\$385	\$326	\$136	\$432	(\$61)	(\$44)	(\$4)
Specialty High-Cost	\$2,215	\$1,272	\$1,098	\$635	\$1,197	\$137	\$159	\$75
Outpatient (OP) Facility	\$1,775	\$1,188	\$946	\$699	\$591	(\$59)	(\$7)	(\$7)
OP Surgery	\$959	\$557	\$449	\$307	\$296	(\$89)	(\$73)	(\$60)
Avg. Annual Cost per Enrollee	\$14,965	\$9,202	\$7,764	\$5,413	\$5,735	\$168	\$378	\$223

Again, the headline is the dramatic increase in Platinum spending across the board. A couple of other changes in the 2027 model are visible as well:

- Out-of-network emergency department (ED) claims are included in 2027 (previously all out-of-network claims were excluded) to align with the No Surprises Act, which prohibits issuers from charging more than in-network cost sharing for out-of-network emergency services.

Code set updates were made to primary care and specialist visits, preventive care, inpatient hospital services, speech therapy, and laboratory outpatient and professional services categories.

The catch-all outpatient (OP) categories (OP facility and OP surgery) also dropped for non-Platinum metal levels, likely because of these code set updates moving dollars to more specific categories.

- CMS considered defining services at an even more granular level but tabled it for future updates.
- Drug spending shifted primarily to preferred brand and specialty high-cost, which will likely raise AVs slightly, as those categories typically have higher AVs than most other categories because of the high annual costs of specialty medications and typically favorable cost sharing on preferred brand drugs.

In general, this approach will shift more AV weight toward the cost sharing used for the preferred brand, laboratory, and ED categories, as these saw substantial dollar increases and vary greatly in calculated AV based on the applied cost sharing. This change is in contrast to categories like specialist, MHSA, and specialty high-cost drugs, which will be less impactful because of: 1) a smaller increase relative to other categories for specialist and MHSA, and 2) specialty drugs generally being less responsive to cost sharing given that members who use these drugs often have higher annually spending, hitting their MOOP regardless of cost sharing.

Change in MOOP

As noted, another change, which is offsetting to above, is the increase to the maximum allowable MOOPs, which are higher for both base and cost sharing reduction plan variants.⁵ Final 2024–2027 MOOPs (and the original 2026 MOOP) by CSR plan type can be seen in Table 5.

⁵ Centers for Medicare & Medicaid Services. Premium Adjustment Percentage, Maximum Annual Limitation on Cost Sharing, Reduced Maximum Annual Limitation on Cost Sharing, and Required Contribution Percentage for the 2027 Benefit Year. January 29, 2026. Available at: <https://www.cms.gov/files/document/2027-papi-parameters-guidance-2026-01-29.pdf>.

Table 5. 2024–2026 MOOPs by Plan Type

Plan Type	2024 MOOP	2025 MOOP	2026 MOOP (Draft) ⁶	2026 MOOP (Final)	2027 MOOP
Non-CSR	\$9,450	\$9,200	\$10,150	\$10,600	\$12,000
Silver 94%	\$3,150	\$3,050	\$3,350	\$3,500	\$4,000
Silver 87%	\$3,150	\$3,050	\$3,350	\$3,500	\$4,000
Silver 73%	\$7,550	\$7,350	\$8,100	\$8,450	\$9,600

IMPACT OF 2027 MODEL CHANGES TO AVS

General Results

To test the impact of the new model, we ran a sample of over 80 plan designs through the 2026 and 2027 AV calculators. Gold, Silver, Silver 73%, and Bronze all had average AV increases of greater than 1%, with AVs at all metal levels experiencing upward pressure. The full results by plan metal and CSR variant are broken down in Table 6 (next page).

Table 6. AV Changes from 2026 AVC to 2027 AVC

Metal	2026 to 2027 Changes		
	Min	Average	Max
Platinum	0.2%	2.1%	4.0%
Gold	-0.1%	0.9%	1.3%
Silver 70	0.2%	1.0%	2.1%

⁶ Centers for Medicare & Medicaid Services. Premium Adjustment Percentage, Maximum Annual Limitation on Cost Sharing, Reduced Maximum Annual Limitation on Cost Sharing, and Required Contribution Percentage for the 2026 Benefit Year. October 8, 2024. Available at: <https://www.cms.gov/files/document/2026-papi-parameters-guidance-2024-10-08.pdf>.

Metal	2026 to 2027 Changes		
	Min	Average	Max
Silver 73	-0.2%	0.9%	2.0%
Silver 87	0.0%	0.5%	1.0%
Silver 94	0.5%	1.3%	2.9%
Bronze	1.3%	1.4%	1.6%
Total	0.3%	1.1%	1.8%

Although AVs are changing because of the model and MOOP impacts, the need to revise plan designs is contingent on de minimis compliance. Each metal level and CSR variant must fall within the range displayed in Table 7.

Table 7. 2027 de Minimis Ranges⁷

Metal	De Minimis Range
Platinum	88%–92%
Gold	78%–82%
Silver 70	70%–72%
Silver 73	73%–74%
Silver 87	87%–88%
Silver 94	94%–95%

⁷ Note: These de minimis ranges assume a continuation of the current injunction via the Columbus v. Kennedy ruling on the de minimis provisions of the Marketplace Integrity and Affordability.

Metal	De Minimis Range
Expanded Bronze	58%-65%

Given these large average changes, we anticipate many 2026 plan designs are noncompliant with the de minimis ranges before plan design changes. Note that slightly broader de minimis ranges from the 2025 Marketplace Integrity and Affordability Final Rule have been stayed because of ongoing litigation but would expand the above ranges on the lower end, which will mean no compliance relief on the high end.

Standard Plan Results

The 2026 CMS standard plan designs (SPDs) in federally facilitated Marketplaces, when run on the 2027 model, resulted in the following AV impacts.

Table 8. 2026 Standard Plan Design Results

Plan Design	2026 SPDs on 2026 Model	2026 SPDs on 2027 Model	AV Difference	Compliant in 2027 Model?
Bronze Deductible Plan	64.12%	65.65%	1.54%	N
Silver 70 Deductible Plan	70.01%	71.76%	1.75%	Y
Silver 73 CSR	73.07%	74.72%	1.65%	N
Silver 87 CSR	87.04%	87.68%	0.63%	Y
Silver 94 CSR	94.11%	95.38%	1.27%	N
Gold Deductible Plan	78.04%	79.05%	1.01%	Y
Platinum Deductible Plan	88.03%	92.08%	4.05%	N

SPDs are discontinued in 2027, but the 2026 plan designs give us another data point of what the magnitude of impacts and resulting plan noncompliance will look like going into 2027.

Bronze Specific Results

Another update to the 2027 AVC was the removal of MOOP thresholds. The user is now allowed to run a plan with any MOOP and just needs to confirm de minimis compliance on the backend. This change is largely intended to facilitate the additional flexibility proposed in the 2027 Notice of Benefit and Payment Parameters around Bronze plans,⁸ namely that issuers are allowed to include an additional Bronze plan design that does not comply with the MOOP threshold as long as they offer a separate Bronze plan that does comply with the threshold and that the additional plan is within the Bronze de minimis range.

As an example, we modeled three different plans, all simple deductible = MOOP plans with three free primary care visits. Table 9 shows the results.

Table 9. Bronze and Catastrophic Options

Plan	Deductible/MOOP	AVC	Pricing AV	AVC Diff	Pricing AV Diff
Bronze at 2027 MOOP	\$12,000	59.5%	57.7%	100.0%	100.0%
Bronze at AV De Minimis	\$13,100	58.0%	56.2%	97.6%	97.3%
Catastrophic at 130% of 2027 MOOP	\$15,600	54.8%	53.1%	92.2%	92.0%

We see a modest difference between a Bronze plan at the current MOOP limit and one at the AV de minimis for the simple deductible = MOOP plan designs. More complex plans may now be possible by increasing the MOOP while maintaining richer cost sharing in other areas to squeeze under the 65% threshold, but that would yield no premium impact.

We would generally assume that a 1.5% absolute decrease in pricing AV (as we see when going from the Bronze plan at the 2027 MOOP versus the Bronze plan at the AVC de minimis) would result in a roughly 2.2% decrease in Bronze premiums, calculated as $(1 - \frac{58.0\%}{59.5\%}) * (1 - 14\%)$. The

⁸ US Department of Health and Human Services. Patient Protection and Affordable Care Act, HHS Notice of Benefit and Payment Parameters for 2027; and Basic Health Program. Federal Register. 2026;91(28):6292–6486. Available at: <https://www.govinfo.gov/content/pkg/FR-2026-02-11/pdf/2026-02769.pdf>.

14% is the administrative cost assumption used in ACA risk adjustment⁹; 86% is thus the percentage of premium representing paid claims.

This calculation is somewhat naive, as other considerations from selection pressure to risk adjustment may cause actual results to vary. In addition, a plan design without three free primary care visits could hit the 58% minimum without exceeding the \$12,000 threshold. For further discussion of the potential impacts of the proposed Bronze changes, see the white paper “Implications of Proposed NBPP on Bronze Plans”¹⁰ by Karan Rustagi.

POTENTIAL FUTURE CHANGES

99.5% Cap

One topic discussed extensively in the proposed 2027 NBPP is the outlier threshold applied in the AVC and whether it should be adjusted. Currently, claims are capped at the 99.5th percentile of annual allowed amounts. This adjustment is quite impactful because if no cap were applied to claims, total claims would be 15.3% higher (calculated using our 2023 Wakely ACA dataset), equivalent to almost two years of trend. On the other end, moving the cap down to the 99th percentile would drop claims another 7.7%, equivalent to roughly one year of trend. These adjustments would have a significant impact on AVs if moved in either direction; think of rewinding a full AVC year if the cap is downward or springing forward two AVC years if the cap is removed.

If the cap is adjusted to instead apply at 99.25% or 99.0%, the impact would equate to roughly 2.5–3 years of trend (see Table 9). In contrast, shrinking the cap to impact fewer members would dramatically accelerate the AV increases in the model. This will bear monitoring in future iterations of the calculator.

⁹ Centers for Medicare & Medicaid Services. Summary Report on Individual and Small Group Market Risk Adjustment Transfers for the 2024 Benefit Year. Released June 30, 2025. Available at: <https://www.cms.gov/files/document/ra-report-by2024.pdf>.

¹⁰ Rustagi K, Cohen M. Implications of Proposed NBPP On Bronze Plans. Wakely. March 2026. Available at: <https://www.wakely.com/blog/implications-of-proposed-nbpp-on-bronze-plans/>.

Table 10. Outlier Cap Scenario

Category	Outlier Cap Scenario				
	100.0%	99.9%	99.5%	99.25%	99.0%
Allowed Per Member at Threshold	NA	\$284,000	\$116,000	\$89,000	\$74,000
Members Below Threshold (000s)	6,055	6,049	6,025	6,010	5,995
Eligibility Below Threshold (000s)	51,145	51,079	50,818	50,654	50,490
Allowed Below Threshold (\$000s)	\$26,567,361	\$23,693,871	\$19,538,500	\$18,013,558	\$16,788,747
Per Member per Month (PMPM) Below Threshold	\$519.45	\$463.87	\$384.48	\$355.62	\$332.51
Members Above Threshold	0	6,056	30,278	45,416	60,554
Allowed for Members Capped at Threshold (\$000s)	\$0	\$1,719,904	\$3,512,248	\$4,042,024	\$4,480,996
PMPM Including Capped Allowed	\$519.45	\$496.90	\$450.70	\$431.24	\$415.87
% Difference from Base Scenario	15.3%	10.3%	0.0%	-4.3%	-7.7%

CONCLUSION

The 2027 AVC bundled multiple changes—from new underlying data to continuing table updates to another year of record trend. We expect moderate to large impacts to plan AVs, particularly in Platinum and CSR 94% plans, which will require changes in plan design to remain

compliant with AV requirements, with downstream implications on premium rates, issuer and plan competitiveness, and enrollment patterns.

Wakely consultants are prepared to help issuers understand how the 2027 AVC affects their plan portfolio and ACA strategy. For further information, please reach out to one of the authors.

APPENDIX

Appendix A.1: Annual Medical Allowed by Metal Level for 2024-2027 AVCs

Metal Level Continuance Table	2024 Allowed	2025 Allowed	2026 Allowed	2027 Allowed	Difference 25/24	Difference 26/25	Difference 27/26
Platinum	\$5,448	\$6,270	\$6,678	\$9,684	15.1%	6.5%	45.0%
Gold	\$5,808	\$6,014	\$6,406	\$6,388	3.5%	6.5%	-0.3%
Silver	\$5,282	\$4,908	\$5,227	\$5,357	-7.1%	6.5%	2.5%
Bronze	\$3,896	\$3,834	\$4,084	\$4,187	-1.6%	6.5%	2.5%

Appendix A.2: Annual Pharmacy Allowed by Metal Level for 2024-2027 AVCs

Metal Level Continuance Table	2024 Allowed	2025 Allowed	2026 Allowed	2027 Allowed	Difference 25/24	Difference 26/25	Difference 27/26
Platinum	\$2,135	\$2,323	\$2,552	\$5,280	8.8%	9.9%	106.9%
Gold	\$2,350	\$2,391	\$2,628	\$2,814	1.7%	9.9%	7.1%
Silver	\$1,909	\$1,966	\$2,159	\$2,407	2.9%	9.9%	11.5%
Bronze	\$1,178	\$1,008	\$1,106	\$1,226	-14.4%	9.7%	10.9%

ABOUT THE AUTHORS

**Darren Johnson, FSA, MAAA***Consulting Actuary*

darren.johnson@wakely.com

**Michelle Anderson, FSA, MAAA***Director*michelle.anderson@wakely.com

Please contact Darren Johnson at darren.johnson@wakely.com or Michelle Anderson at michelle.anderson@wakely.com with any questions or to follow up on any of the concepts presented in this white paper.

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