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WHITE PAPER

Opportunity After Exit: Strategic Responses to ACA Exits

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INTRODUCTION

Health insurers that offer products in the individual Affordable Care Act (ACA) Marketplace are experiencing the most challenging operating environment since the initial years following the inception of the legislation. Significant changes such as the expiration of enhanced subsidies, regulatory uncertainty impacting premium rates and operations, enrollment declines, and morbidity and claim cost pressure are causing issuers to reconsider their participation in the individual ACA market.

As of July 26, 2026, nine carriers announced they are exiting the individual ACA market in at least one state for plan year 2027, impacting 945,000 lives across 23 states.[1,2,3] However, four issuers across four states are either entering the individual ACA market for the first time or expanding into new states for plan year 2027.[4] The analysis presented in this paper is based on carrier exits and entries publicly announced as of July 26, 2026. More exits and entries may be made public during the coming months as 2027 premium rates are finalized, brokers are informed, and consumers are notified of exits.

This paper communicates key information related to the market exits and entries, pricing implications issuers must consider as they continue to navigate the market, operational considerations for issuers and state regulators, and offers a high-level perspective on the state of the market.

[1] Includes issuers exiting the market entirely (whether on or off the exchange); not participating on the exchange and offering off exchange-only products. Includes carriers fully exiting the individual ACA market or carriers exiting a subset of states. Lives measured by current enrollment (i.e., early 2025 member counts) from the 2026 Unified Rate Review Templates. Actual member counts as of 2026 will differ.

[2] Norris L. Health Insurers Are Exiting the Marketplace Again. Should Consumers Be Worried? Healthinsurance.org. Available at: https://www.healthinsurance.org/blog/health-insurers-are-exiting-the-marketplace-again-should-consumers-be-worried/.

[3] Emerson J. 8 Insurers Exiting ACA Markets. *Becker's Payer Issues*. July 9, 2026. Available at: https://www.beckerspayer.com/payer/aca/6-insurers-exiting-aca-markets/

[4] Ortaliza J, Lo J, Cotter L, McGough M, Cox C. Tracking Insurer Participation Changes in the ACA Marketplaces in 2027. KFF. June 29, 2026. Available at: https://www.kff.org/affordable-care-act/tracking-insurer-participation-changes-in-the-aca-marketplaces-in-2027/.

MARKET EXITS AND ENTRIES

A total of nine issuers are exiting the individual ACA market in at least one state for plan year 2027, affecting 945,000 lives across 23 states (see **Figure 1**). As the map shows, two issuers are exiting Oregon, Texas, Oklahoma, and Indiana each, and one issuer is leaving another 19 states.

Figure 1. States Experiencing ACA Marketplace Insurer Exits

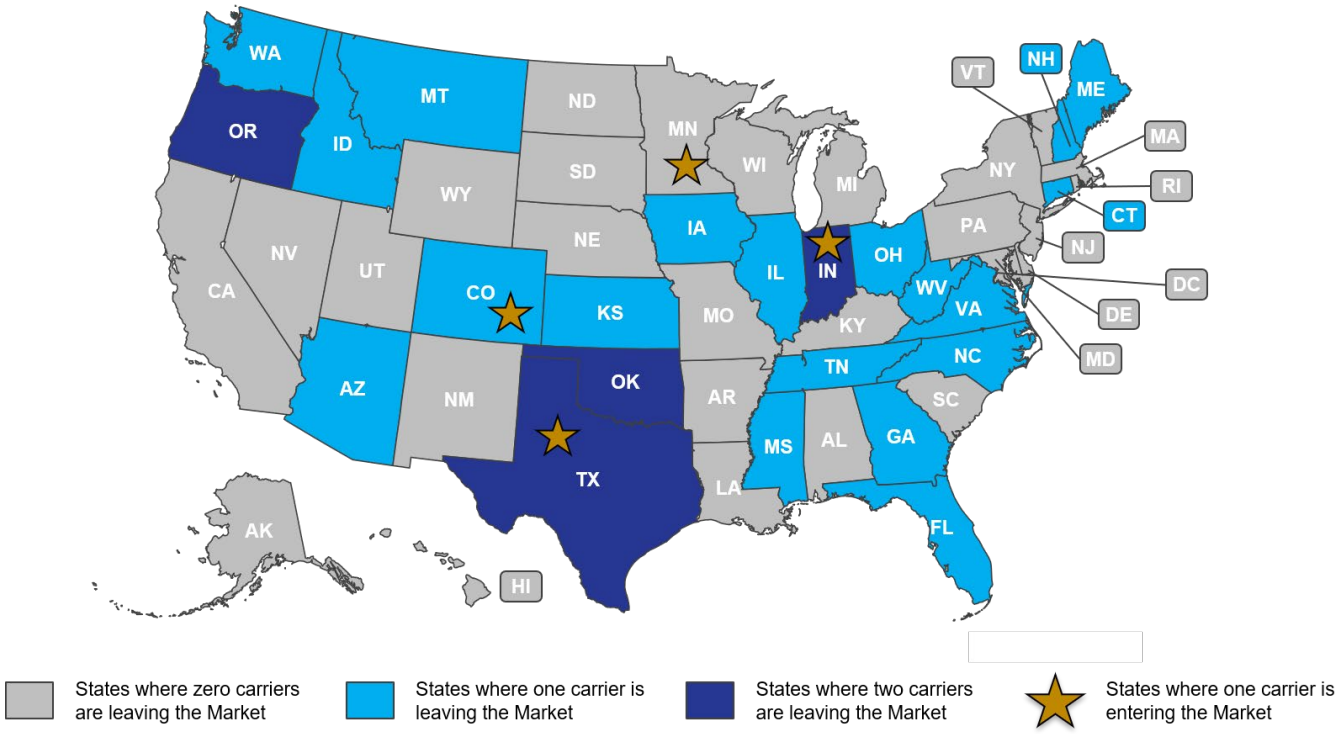
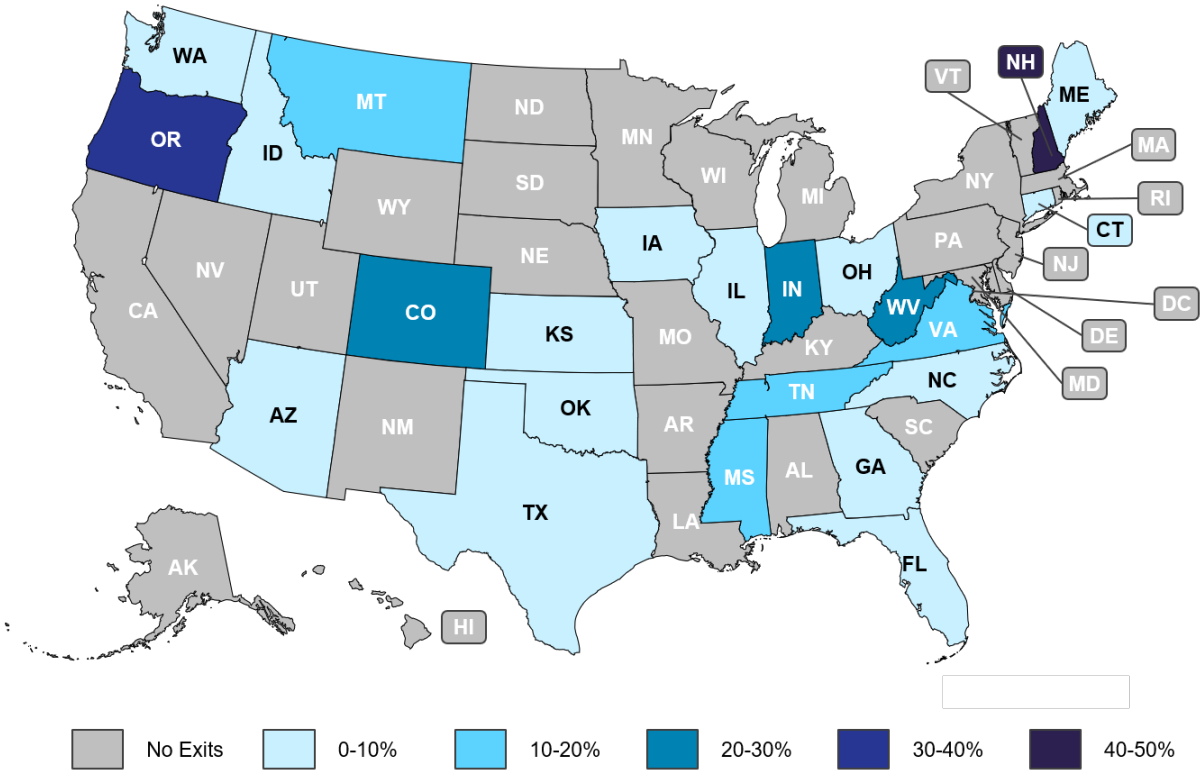


Figure 2 summarizes the proportion of members affected by the market exits. A sizable number of individual ACA consumers in New Hampshire (approximately 41%) will need to select a new plan during 2027 open enrollment.

Figure 2. Percentage of Individual ACA Members Who Will Need to Purchase a New Plan



More departures are anticipated in the coming months. For example, Molina communicated in their second quarter 2026 company earnings call that the insurer's individual ACA enrollees will be concentrated in six states, down from around 14.[5]

Full exits are just one means of measuring the number of issuers reevaluating participation in the market. Insurers may attempt to de-risk by reducing service areas in a state without exiting, reduce product offerings or discontinue bronze plans, reduce or eliminate commissions payments, offer off-Exchange plans only, or adjust pricing strategies to attract fewer members.

[5] Parduhn RP. Molina Plans Additional ACA Cuts in 2027. HealthcareDive. July 23, 2026. Available at: https://www.healthcaredive.com/news/molina-plans-aca-cuts-q2-2026-moh/825934/.

Announced as of July 26, 2026, there are four issuers either entering the individual ACA market for the first time or expanding into new states for plan year 2027. Colorado Access is offering individual ACA products in Colorado and entering the market for the first time, Independence Blue Cross is expanding into Indiana, Aspirus Health Plan is expanding in Minnesota, and Antidote Health is expanding into Texas.

PRICING IMPLICATIONS

Market exits and entries have the potential to significantly affect the individual ACA market in certain states. Insurers should be aware of these impacts and price accordingly. Below is a summary of key pricing implications for issuers.

Overall morbidity changes. Depending on the mix of carrier exits, entrants, plan offerings, and 2027 rate increases, significant movement could occur in lowest cost plan offerings by metal and the second-lowest cost silver plan used to determine premium subsidies. These shifts could result in changes in net premium affordability at all metal levels or create member renewal friction, both of which could drive enrollment decline and morbidity pressure. For example, if a new entrant prices aggressively and becomes the benchmark plan at a lower premium rate relative to if the insurer had remained outside the Marketplace, the amount of premium subsidies available for consumers will decrease with repercussions on net premium affordability for subsidized consumers across all metal levels.

In addition, people enrolled with an insurer exiting the market may be auto-enrolled in a new plan with a new organization. Other members may not have an auto-enrollment option, which may result in a poor member experience, and a portion of these members may choose to drop coverage altogether. Prior research estimates that issuer exits can significantly increase the probability of members disenrolling.[6] All these dynamics may drive a decrease in market-wide enrollment and result in morbidity pressure.

Reinsurance. Like the net premium affordability concept, changes in the benchmark premium impact pass through funding from the federal government that at least partially fund reinsurance programs. Insurers will need to consider whether reinsurance program size will be affected and price accordingly. Similarly, regulators must consider this dynamic to ensure appropriate reinsurance funding.

[6] Crespin D, DeLeire T. As Insurers Exit Affordable Care Act Marketplaces, So Do Consumers. *Health Affairs*. Published online November 4, 2019. Available at: https://www.healthaffairs.org/doi/10.1377/hlthaff.2018.05475.

Uncertain morbidity/risk adjustment transfer estimates. Issuers that remain in the market will not know the morbidity of members seeking a new plan. The best indicator of how risk may change is by evaluating risk adjustment transfer results, including high-cost risk pool amounts. Insurers remaining in the market should review risk adjustment results associated with each market exit to get a sense for whether they could enroll relatively healthier or sicker members to ensure appropriate pricing and risk adjustment projections.

For example, those insurers that continue to participate in the individual ACA market in Oregon will likely experience a different risk mix in the future. The two issuers exiting the market received ~$43 million from the risk adjustment pool in 2025,[7] which indicates these insured populations are likely sicker than the market average. Those organizations that remain in the market may enroll these members and experience higher claims costs but more favorable risk adjustment transfer results.

Insurers must also consider that an increase in claim cost may be only partially offset by a more favorable risk adjustment receivable. As noted above, morbidity shifts and uncertainty results in risk adjustment transfer estimate uncertainty. The statewide average premium used to develop risk adjustment transfer estimates may be affected as organizations exit or enter the market, which has different impacts on receivers and payers (i.e., a new entrant may drive a lower statewide average premium if the insurer prices aggressively and attracts enrollees).

Metal/demographic mix. Insurers that remain in the market may inherit a different metal/demographic mix than initially priced, which has downstream implications. For example:

- Insurers that remain in the market may enroll a higher proportion of silver members than expected if an issuer exiting the market held the lowest silver position, which affects silver loading.
- An insurer that prices administrative load as a percent of premium may collect too little in premiums to cover administrative costs if the block skews heavily bronze.

Hence, insurers should closely evaluate the appropriateness of the pricing assumptions.

[7] Centers for Medicare & Medicaid Services. Summary Report on Individual and Small Group Market Risk Adjustment Transfers for the 2025 Benefit Year. June 30, 2026. Available at: https://www.cms.gov/cciio/programs-and-initiatives/premium-stabilization-programs/downloads/ra-report-by2025.pdf.

OPERATIONAL CONSIDERATIONS

Insurers and state regulators will need to fully understand the operational complexities associated with market exits. Issuers must evaluate whether they can accommodate a large influx of new members, and regulators must assess the readiness of remaining insurers to absorb new members. Key considerations are summarized below.

Auto-enrollment process. Insurers that remain in the market may be assigned members from those leaving the market. Issuers should proactively work with state regulators to understand how these members will be assigned and the potential volume. Insurers may develop marketing materials and member outreach efforts specifically for these members to retain them through the open enrollment process.

Network adequacy. Insurers will want to proactively confirm their networks are robust enough to accommodate an influx of new members. They should compare their own networks with those exiting the market to identify provider contracting gaps, contract with any new providers as necessary, and ensure care management strategies are in place to steer members to preferred providers as appropriate. In addition, regulators tasked with network adequacy testing review will need to confirm insurers are prepared to accommodate new members. Issuers that attract an influx of members may be able to renegotiate more favorable provider contracts.

Risk adjustment operations. Insurers will know little about the demographics or morbidity of people seeking new plans. Issuers should perform member outreach and encourage primary care visits or visits to other providers as necessary to capture a complete medical history for quality assurance purposes and risk score optimization. Provider sponsored plans may leverage their provider-partner relationship to access a more complete understanding of the conditions associated with new members and act accordingly.

Seasonality and accruals. Insurers that enroll new members may experience a unique seasonality pattern. Members new to a plan may take longer to use their benefits as they become accustomed to a new provider network and new member resources. Issuers, however, may attract a new risk profile (e.g., like in Oregon where remaining issuers will likely attract a sicker risk mix), which will result in different care patterns. Issuers will want to monitor these patterns for reserve setting, claim cost projections, pricing for 2028 and beyond, and setting accruals for financial reporting (e.g., risk adjustment transfer estimates). Wakely can help issuers assess these dynamics through our Wakely National Risk Adjustment Reporting (WNRAR) project.

Rate review. Many states prohibit, or permit under limited circumstances, issuers from refiling rates through the summer. Insurers may proactively communicate with state regulators any necessary re-filings to ensure appropriate pricing. Allowing issuers to refile at premium rates that reflect exit/entrant dynamics may be best for long-term market stability. State regulators must also be cognizant of consumer choice. It is likely that members in certain counties across the country will have one insurer to enroll with in 2027.

HIGH LEVEL STATE OF THE MARKET

Based on plan year 2027 rate changes publicly published to date, the individual ACA Marketplace is likely to experience its second consecutive year of double-digit rate changes (on average).[8] Moreover, regulatory changes in 2028 are expected to decrease market-wide enrollment and drive morbidity deterioration. Insurers will continue to evaluate viability and participation in the individual ACA market going forward, and it is possible the Marketplace will experience additional issuer exits in 2027 and beyond.

Although the individual ACA operating environment may be challenging in the short term, some issuers are finding success, including:

- Those that remained in the individual ACA market after the initial period of significant issuer exits from 2014 through 2017 generally experienced several years of favorable medical loss ratios. Average medical loss ratios in calendar years 2014 through 2017 were 89%, 95%, 94%, and 86%, respectively. Medical loss ratios were more favorable in 2018 through 2020 at 80%, 82%, and 85%, respectively.[9] Carriers may be experiencing financial pressure now, but financial stability may return.
- Issuers are still seeing strategic value in entering the market, expanding into new states, and expanding service area within existing states.
- Providers may benefit more by offering their own plans, despite the difficult environment, rather than solely providing care and relying on contracting with other insurers.
- Those that participate in the Medicaid market find that individual ACA products are a good complement to Medicaid offerings. As members churn out of Medicaid, as is expected to occur more frequently starting in 2027, insurers have an alternative plan they can offer to retain these members.

Wakely intends to publish additional insights on market exit and entry strategies in the coming months. We will also continue to communicate key insights as additional data becomes public.

[8] KFF. In Preliminary Rate Filings, ACA Marketplace Insurers Largely Propose Double-Digit Premium Increase For 2027, Following a Steep Climb This Year. July 8, 2026. Available at: https://www.kff.org/affordable-care-act/in-preliminary-rate-filings-aca-marketplace-insurers-largely-propose-double-digit-premium-increase-for-2027-following-a-steep-climb-this-year/.

[9] Wakely WACACAT analysis.

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ABOUT WAKELY

Founded in 1999, Wakely Consulting Group, an HMA Company, is well known for its top-tier healthcare actuarial consulting services. With nine locations nationwide, Wakely boasts deep expertise in Medicare Advantage, Medicaid managed care, risk adjustment and rate setting, market analyses, forecasting, and strategy development. The firm's actuaries bring extensive experience across all sectors of the healthcare industry, collaborating with payers, providers, and government agencies.