IMPACT OF 2026 FEDERAL ACTUARIAL VALUE CALCULATOR UPDATES

Darren Johnson, FSA, MAAA
darren.johnson@wakely.com

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

Summary of Changes and Resulting Impacts

The 2026 Federal Actuarial Value Calculator (AVC) was released on October 16, 2024. The new version is methodologically similar to prior AVC models after two years in a row of substantial data updates and methodological changes[1]. That does not mean the impacts will be mild though, as inflation continues to drive high trend which will push a number of plans outside the upper ends of the de minimis ranges. Counteracting trend, the 2026 Maximum Out of Pocket limit (MOOP) saw its biggest increase ever to $10,150 from $9,200 in 2025[2]. The offsetting results of these two changes will be explored below as we further investigate the details and impacts of the 2026 updates.

2026 AVC Changes

The 2026 AVC marked the second year that the claims data underlying the model was sourced from the External Data Gathering Environment (EDGE) server ACA data (2021 benefit year data, specifically). Before the AVC moved to EDGE data for plan year 2025, the claims data was sourced from the Health Intelligence Company, LLC (HIC) database. The HIC dataset included individual and small group data, but did not have metal level information requiring plans to be imputed into a metal level; metal level was available for the first time last year through the EDGE data.

Both datasets use a blend of individual and small group data to form the continuance tables as opposed to having separate continuance tables for each market. With the shift to EDGE for plan year 2025, there were revised distribution of services which had significant impact on the sensitivity of cost-sharing on certain service categories and on the overall results. However, the data change from the 2025 to 2026 model was significantly less drastic resulting in more stable and predictable results between the two years.

The data was trended from the underlying years to the projected years. The respective trends used in each model year are shown in Table 1 below. Note that trend is solely applied to unit cost – no trend is applied to utilization.

[1] https://www.wakely.com/wp-content/uploads/2024/04/impact-draft-2025-federal-actuarial-value-calculator-updates_1.pdf
[2] https://www.cms.gov/files/document/2026-papi-parameters-guidance-2024-10-08.pdf

Table 1 – Comparison in Annual Trends Used

Trend	2018-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026
2024 Model – Medical	5.4%	3.2%	5.8%	5.4%	NA	NA
2025 Model – Medical	NA	3.2%	5.8%	5.4%	6.4%	NA
2026 Model – Medical	NA	3.2%	5.8%	5.4%	6.4%	6.4%
2024 Model – Pharmacy	8.7%	4.6%	8.7%	8.2%	NA	NA
2025 Model – Pharmacy	NA	4.6%	8.7%	8.2%	9.9%	NA
2026 Model – Pharmacy	NA	4.6%	8.7%	8.2%	9.9%	10.1%

Note that both models used identical trends from 2021-2025. The 2026 model uses the same medical trend from 2025 to 2026 while pharmacy trend is slightly higher than it was in 2025, and the highest of any year. Given 2026 trend rates were in-line with historical trends through 2025, the total per member spend increased for all metal levels when compared to the 2025 model, as seen in Tables 2 and 3 below. Results are further split into Medical and Pharmacy specific results in Appendix A.1.

Table 2 – Annual Allowed Costs by Metal and Model Year

Metal Level	2022 Allowed	2023 Allowed	2024 Allowed	2025 Allowed	2026 Allowed
Platinum	$6,471	$7,159	$7,583	$8,593	$9,230
Gold	$7,340	$7,699	$8,159	$8,405	$9,034
Silver	$5,949	$6,792	$7,192	$6,873	$7,386
Bronze	$4,934	$4,799	$5,073	$4,843	$5,190

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

Metal Level	Difference 23/22[3]	Difference 24/23	Difference 25/24	Difference 26/25
Platinum	10.6%	5.9%	13.3%	7.4%
Gold	4.9%	6.0%	3.0%	7.5%
Silver	14.2%	5.9%	-4.4%	7.5%
Bronze	-2.7%	5.7%	-4.5%	7.2%

The resulting 2026 allowed costs for each metal level increased at a similar rate – between 7.2% and 7.5% – differing based on the percentage of each metal's underlying costs that were medical versus pharmacy. The trends are significantly different compared to how costs trended from 2024 to 2025 due to the change in underlying data in 2025.

[3] Note that the 2023 model was the last time the data source was updated prior to 2025 (from 2017 HIC data to 2018 HIC data).

Given past trends, it is reasonable to assume that the 2027 model may also have a change in underlying data, most likely from 2021 EDGE to 2022 EDGE, which will impact both allowed cost levels and likely the service category cost distribution. With the switch to EDGE data, the metal-specific cost distributions are now pulled from metal-specific data, which may cause the calculator data to diverge from experience if American Rescue Plan (ARP) enhanced subsidies expire and result in a different distribution of metals by member than was seen in the underlying 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 maximum out of pocket (MOOP) level - 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.

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[4]. This is a deviation from the 2025 changes[5] where MOOP thresholds were lowered from 2024 for the first time ever. Final 2024, 2025, and 2026 MOOPs by cost-share reduction (CSR) plan type can be seen in the table below.

Table 4 – 2024-2026 MOOPs by Plan Type

Plan Type	2024 MOOP	2025 MOOP	2026 MOOP
Non-CSR	$9,450	$9,200	$10,150
Silver 94%	$3,150	$3,050	$3,350
Silver 87%	$3,150	$3,050	$3,350
Silver 73%	$7,550	$7,350	$8,100

Impact of 2026 Model Changes to AVs

To test the impact of the new model, we ran a sample of over 100 plan designs through the 2025 and 2026 AV calculators. We modeled both the AVC model update impacts and adjusted plan designs to reflect the substantially increased MOOPs. To analyze the downward impacts of the new MOOPs, we updated the MOOP for any plan that had been at the maximum thresholds in 2025 to the maximum amounts in 2026, for both the non-CSR and CSR variant plans[6].

Gold, Silver, Silver 73% and Bronze all had average AV increases greater than 1%; with AVs at all metal levels experiencing upwards pressure. The full results by plan metal and cost sharing reduction (CSR) variant are broken down in Table 5 below, with the results on the left representing 2025 plan designs with

[4] https://www.cms.gov/files/document/2026-papi-parameters-guidance-2024-10-08.pdf

[5] https://www.cms.gov/files/document/2025-papi-parameters-guidance-2023-11-15.pdf

[6] See https://www.cms.gov/files/document/2025-papi-parameters-guidance-2023-11-15.pdf for 2025 levels - $3,050 and $7,350 for CSR 87%/94% and 73% plans respectively compared to $3,350 and $8,100 in 2026

no MOOP updates, and the result on the right representing those same designs, but with any MOOPs that had been set at the maximum thresholds in 2025 updated to the maximums in 2026.

Table 5 – AV Changes from 2025 AVC to 2026 AVC including MOOP Increase

Metal	2025 Designs			Including MOOP Increase		
	Min	Average	Max	Min	Average	Max
Platinum	0.6%	0.6%	0.7%	0.6%	0.6%	0.7%
Gold	1.0%	1.1%	1.3%	0.6%	0.9%	1.1%
Silver 70	1.1%	1.4%	1.8%	0.3%	0.8%	1.7%
Silver 73	1.3%	1.4%	1.6%	0.3%	0.4%	0.6%
Silver 87	0.7%	0.8%	1.0%	0.2%	0.4%	0.8%
Silver 94	0.3%	0.4%	0.4%	0.3%	0.4%	0.4%
Bronze	1.0%	1.3%	1.6%	-1.0%	0.5%	1.6%
Total	**0.3%**	**1.1%**	**1.8%**	**-1.0%**	**0.8%**	**1.7%**

While AVs are changing due to 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 6 below. The first “% Non-Compliant” column shows the percentage of plans falling out of the de minimis range when their unchanged 2025 plan designs are run through the 2026 model.

The “% Non-Compliant with MOOP Update” column shows the percentage of plans that fall out of the de minimis range after we updated any 2025 designs with a maximum MOOP at the 2026 level, similar to results in Table 5 above:

Table 6 – Percentage of 2025 Compliant Plans that are Noncompliant in 2026

Metal	De Minimis Range	% Non-Compliant	% Non-Compliant with MOOP Update	Total Plan Count
Platinum	88%-92%	0%	0%	3
Gold	78%-82%	12%	12%	17
Silver 70	70%-72%	33%	6%	18
Silver 73	73%-74%	62%	15%	13
Silver 87	87%-88%	67%	33%	12
Silver 94	94%-95%	14%	14%	14
Expanded Bronze	58%-65%	33%	17%	24
Total		**34%**	**25%**	**101**

The 2025 CMS standard plan designs (SPDs) in Federally Facilitated Marketplaces, when run on the 2026 model, resulted in the following AV impacts.

Table 7 – 2025 Standard Plan Design Results

Plan Design	2025 SPDs on 2025 Model	2025 SPDs on 2026 Model	AV Difference	Compliant in 2025 Model?	2026 SPDs on 2026 Model
Bronze Deductible Plan	63.8%	65.4%	1.6%	N	64.4%
Silver 70 Deductible Plan	70.0%	71.4%	1.4%	Y	70.0%
Silver 73 CSR	73.1%	74.4%	1.3%	N	73.1%
Silver 87 CSR	87.3%	88.0%	0.7%	N	87.0%
Silver 94 CSR	94.1%	94.4%	0.3%	Y	94.1%
Gold Deductible Plan	78.1%	79.2%	1.1%	Y	78.0%
Platinum Deductible Plan	88.0%	88.7%	0.7%	Y	88.0%

The 2026 standard plan designs[7] were changed to be leaner than 2025 for all plans in order to stay at the bottom of the de minimis range, except for bronze, to counteract the leveraging impact of the higher PMPM levels in 2026. In addition to the deductible and MOOP changes outlined below, there were other cost sharing adjustments including the member share of coinsurance increasing to 60% for the Expanded Bronze plan.

Table 8 – Standard Plan Design Deductible and MOOP Levels

	2025 Standard Plan		2026 Standard Plan		Difference	
Metal Level	**Deductible**	**MOOP**	**Deductible**	**MOOP**	**Deductible**	**MOOP**
Expanded Bronze	$7,500	$9,200	$7,500	$9,200	$0	$0
Standard Silver	$5,000	$8,000	$6,000	$8,900	$1,000	$900
Silver 73 CSR	$3,000	$6,400	$3,000	$7,400	$0	$1,000
Silver 87 CSR	$500	$3,000	$700	$3,300	$200	$300
Silver 94 CSR	$0	$2,000	$0	$2,200	$0	$200
Gold	$1,500	$7,800	$2,000	$8,200	$500	$400
Platinum	$0	$4,300	$0	$5,200	$0	$900

[7] https://www.govinfo.gov/content/pkg/FR-2024-10-10/pdf/2024-23103.pdf page 74

Conclusion

The 2026 AVC presents a more standard update compared to the large divergences caused by the 2025 model change in base data source. However, due to continued high trend in allowed dollars, we expect moderate impacts to plan AVs, particularly in silver and gold plans. This will require changes to plan design to remain in compliance with AV requirements, with downstream implications on premium rates, issuer and plan competitiveness, and enrollment patterns.

We here at Wakely are prepared to help issuers understand how the 2026 AVCs 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 2023-2026 AVCs

Metal Level Continuance Table	2023 Allowed	2024 Allowed	2025 Allowed	2026 Allowed	Difference 24/23	Difference 25/24	Difference 26/25
Platinum	$5,185	$5,448	$6,270	$6,678	5.1%	15.1%	6.5%
Gold	$5,526	$5,808	$6,014	$6,406	5.1%	3.5%	6.5%
Silver	$5,026	$5,282	$4,908	$5,227	5.1%	-7.1%	6.5%
Bronze	$3,710	$3,896	$3,834	$4,084	5.0%	-1.6%	6.5%

Appendix A.2 - Annual Pharmacy Allowed by Metal Level for 2023-2026 AVCs

Metal Level Continuance Table	2023 Allowed	2024 Allowed	2025 Allowed	2026 Allowed	Difference 24/23	Difference 25/24	Difference 26/25
Platinum	$1,974	$2,135	$2,323	$2,552	8.2%	8.8%	9.9%
Gold	$2,173	$2,350	$2,391	$2,628	8.1%	1.7%	9.9%
Silver	$1,766	$1,909	$1,966	$2,159	8.1%	2.9%	9.9%
Bronze	$1,089	$1,178	$1,008	$1,106	8.1%	-14.4%	9.7%

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 whitepaper.

OUR STORY

Five decades. Wakely began in 1969 and eventually evolved into several successful divisions. In 1999, the actuarial arm became the current-day Wakely Consulting Group, LLC, which specializes in providing actuarial expertise in the healthcare industry. Today, there are few healthcare topics our actuaries cannot tackle.

Wakely is now a subsidiary of Health Management Associates. HMA is an independent, national research and consulting firm specializing in publicly funded healthcare and human services policy, programs, financing, and evaluation. We serve government, public and private providers, health systems, health plans, community-based organizations, institutional investors, foundations, and associations. Every client matters. Every client gets our best. With more than 20 offices and over 400 multidisciplinary consultants coast to coast, our expertise, our services, and our team are always within client reach.

Broad healthcare knowledge. Wakely is experienced in all facets of the healthcare industry, from carriers to providers to governmental agencies. Our employees excel at providing solutions to parties across the spectrum.

Your advocate. Our actuarial experts and policy analysts continually monitor and analyze potential changes to inform our clients' strategies – and propel their success.

Our Vision: To partner with clients to drive business growth, accelerate success, and propel the health care industry forward.

Our Mission: We empower our unique team to serve as trusted advisors with a foundation of robust data, advanced analytics, and a comprehensive understanding of the health care industry.

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