Payor Policy 2026 Preview

The Great Coverage Shakeup

Medicare Advantage Stability, The Shrinking of the ACA, and Implications for Healthcare Payors

CAPSTONE

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Payor Policy 2026 Preview:

THE BOTTOM LINE

Capstone believes Medicare Advantage (MA) carriers, such as UnitedHealth Group Inc. (UNH) and Humana Inc. (HUM), will benefit in 2026 from program stability under the Trump administration. However, payors exposed to Affordable Care Act (ACA) exchanges and Medicaid, such as Centene Corp. (CNC) and Molina Healthcare (MOH), will face headwinds as reforms to ACA subsidies (and their potential expiration) and Medicaid take effect.

Outlook at a Glance

- MA REGULATORY EVENTS ON THE HORIZON WILL FOCUS ON INFORMATION GATHERING FOR LONG-TERM REFORM, LIKELY FOR RISK ADJUSTMENT, STAR RATINGS
- ACA MARKETPLACE DISRUPTION UNDERWAY DESPITE EXPECTED SUBSIDY EXTENSION; 2026 PREMIUM INCREASES DRIVE ENROLLMENT LOSSES
- MEDICAID PAYORS FACE MODEST OBBBA DISRUPTION IN 2026 BEFORE SIGNIFICANT 2027 REFORMS

MA Regulatory Events on the Horizon Will Focus on Information Gathering for Long-Term Reform, Likely for Risk Adjustment, Star Ratings

Winners	Risk adjustment vendors, data analytics vendors
Losers	None

Capstone believes the Trump administration will initiate gradual, multiyear reforms to the Medicare Advantage program in 2026. With MA enrollment now exceeding 50% of total Medicare beneficiaries, the administration is balancing its stated goals of ensuring continued enrollment growth while stabilizing the program's long-term financial viability. We believe these priorities will limit reforms to areas of perceived overspending, calibrated with industry input to avoid significant market disruption.

Two key areas of potential reform for the Trump administration are risk adjustment and star ratings, due to the perceived cost associated with both programs. Consistent with this view, the proposed CY27 Medicare Advantage and Part D Policy and Technical Changes rule removes 12-star rating measures and introduces a sweeping request for information (RFI) related to alterations for the current risk adjustment system.

Capstone believes the RFI indicates the administration's intent to ensure enrollment growth does not falter because of regulatory action. We believe the solicitation of stakeholder input, before the implementation of more material reforms in 2027 and 2028, is incrementally positive and reflects the administration's favorable view of the program.

Potential changes in the risk adjustment and star ratings programs present opportunity for payor adjacent vendors that support these processes. As exhibited by Biden-era reforms such as the v28 risk model revision and the Tukey Outlier star ratings methodology change, volatility in the risk adjustment and star ratings programs create demand for vendor services to combat headwinds. For risk adjustment, as emphasis is on clinically proven risk adjustment factor (RAF) increases, vendors that bridge the gap between payors and providers, as well as vendors that focus on analytics and aggregation of clinical data, will stand to benefit. For star ratings, as process-oriented measures that payors can "game" are phased out, emphasis on clinical outcomes (HEDIS measures) and patient experience (Consumer Assessment of Healthcare Providers and Systems, or CAHPS, measure) will drive the need for partners that can aid in increasing overall star ratings in the new scoring regime.

ACA Marketplace Disruption Underway Despite Expected Subsidy Extension; 2026 Premium Increases Drive Enrollment Losses

Winners	Third-party brokers and administrators for employer-based coverage, compliance vendors
Losers	None

The enhanced premium tax credits (EPTCs) face expiration or extension at the end of 2025, creating uncertainty that will reshape the ACA exchanges, regardless of the outcome. Rising utilization in the ACA population has already squeezed payor profitability, driving plan exits in certain geographies and defensive bid restructuring.

Capstone expects a partial extension of the EPTCs for plan year 2026, but permanent extension remains highly unlikely. As participating payors plan for 2027 and beyond, we believe they will adapt operations and plan designs to accommodate shifting risk pools and enrollment patterns in an environment of subsidy uncertainty.

Republicans opposed to extending the EPTCs support an emerging alternative proposal that would redirect funding meant for the subsidies into HSAs. While full reform of the subsidies before expiration is unlikely, the White House is reported to be considering a proposal that includes an HSA component to incentivize higher-deductible plans, suggesting that tax-advantaged accounts could be integrated into the plan to offset consumer costs regardless of subsidy extension.

Changes to the ACA present opportunities for vendors throughout the market. The recent allowance of HSAs for Bronze and Catastrophic coverage presents a potential opportunity for administrators and navigators to aid in account and coverage compliance. Similarly, Republican appetite for ICHRA reform creates opportunities for brokers and consultants that focus on employer-sponsored coverage to facilitate cost savings via an exchange plan. While the eventual expiration of the EPTCs after 2026 appears likely, avenues of growth in the exchange for employer-sponsored coverage will grow as a result of population shifts. Additionally, HSA vendors could see opportunity if the Republican-backed proposals to redirect subsidy funding into HSAs gain serious traction.

Medicaid Payors Face Modest OBBBA Disruption in 2026 Before Significant 2027 Reforms

Winners	Tech-enabled education vendors, specialized providers
Losers	None

The One Big Beautiful Bill Act, signed into law on July 4, 2025, initiates three years of enrollment pressure for Medicaid MCOs. The law's work requirements will disproportionately disenroll low-acuity members, deteriorating risk pools for insurers already facing elevated utilization trends. Capstone does not expect Congress or the White House to take steps to mitigate these effects in 2026, creating headwinds for MCOs into 2027 as enrollment shrinks, and for hospitals as uncompensated care costs increase.

While hospitals and insurers face headwinds as a result of OBBBA, Capstone believes certain pockets of providers that serve high-acuity populations will be shielded from the law's negative effects. Due to carve-outs of disabled populations from work requirements, applied behavior analysis (ABA) therapy and disability care providers will be shielded from disenrollments. As MCOs attempt to combat disenrollments of lower-acuity beneficiaries, tech-enabled vendors that can help with beneficiary and provider education on eligibility will be in high demand. Reclassification of Medicaid beneficiaries as qualifying through disability instead of income via Medicaid expansion will provide opportunities for these tools to help payors and providers alike.

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