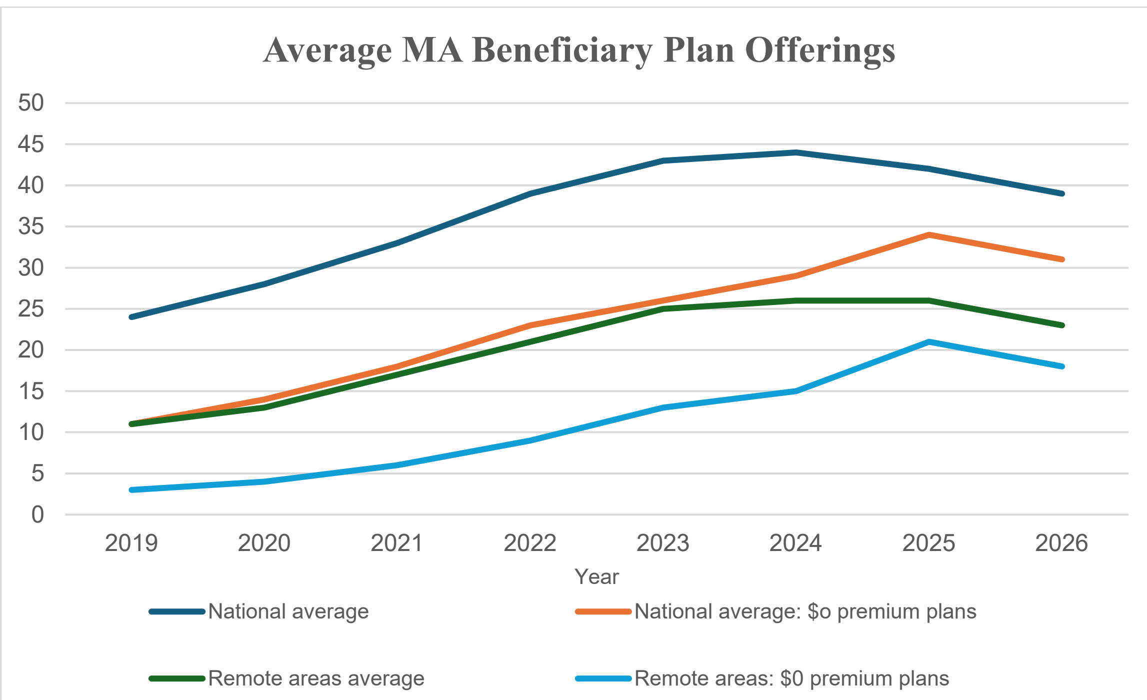
The 2026 Medicare Advantage Market is Healthy and Can Absorb Needed Payment Changes

After years of rapid enrollment growth, the Medicare Advantage (MA) program has stabilized and continues to offer substantial plan options and near-record-high levels of benefits. But waste, fraud, and abuse continues across the program, and evidence suggests that targeted action to address overpayments, particularly in coding practices, would still allow MA to be an attractive option for seniors while enhancing competition between large insurers and smaller, regional plans. Such reforms should be an essential focus for those concerned about rising Medicare premiums, impending Medicare Trust Fund insolvency, and large budget deficits.

The MA Landscape in 2026

New analyses by the Actuarial Research Corporation (ARC) and KFF put context to data on the 2026 MA plan and benefit landscape released by the Centers for Medicare and Medicaid Services (CMS). The research shows that the MA market, which serves around half of all Medicare beneficiaries, remains healthy in 2026. Average beneficiaries have access to nearly 40 options – a vast majority of them with "zero-premiums" beyond the standard Medicare Part B premium. The ARC analysis shows that compared to 2019, beneficiaries have seen the number of plan options increase by 67%, while the number of zero-premium plans has increased 175%. One-third of plans offer lower premiums than the standard Part B premium, with insurers using rebate dollars to buy-down the premium. Nationwide, 99.5% of Medicare beneficiaries have a choice of multiple MA plans.



Benefit offerings remain robust and near all-time highs. Vision, dental, and hearing benefits are near universal. According to ARC's analysis, since 2022, primary care copayments have decreased by 86%, down to an average of zero, while specialty co-pays have increased by about 9% to an average of $33. Since 2019, out-of-pocket maximums have increased by around 1% annually on average, a rate lower than medical inflation (2.7%). However, since 2025, the share of plans offering over-the-counter benefits did decline from 73% to 67%, with the overall value of those benefits decreasing slightly. Still, since 2019, the average value of those benefits is 12% higher. These benefits are often delivered in the form of cash pre-loaded on debit or "flex" cards and can be used to pay for non-prescription drugs and medical supplies, with some types of plans allowing use for non-medical benefits like groceries or Uber rides.

According to KFF, in 2026 nearly 90% of MA plans include prescription drug coverage, and 98% of beneficiaries have access to drug coverage with no additional premium, also two-thirds of all MA drug plans charge no additional premium.

ARC's analysis calculates that CMS payments to MA plans will be 8.5% higher in 2026 relative to 2025. This follows a 2.4% increase in 2025 and a 4.5% increase in 2024. The 2026 increase was set to account for a jump in utilization and spending trends seen in traditional Medicare. Despite this increase, insurers have tried to draw media attention to specific instances of plan option pullbacks or slight benefit reductions to make a point that utilization trends and small risk adjustment regulatory changes by CMS are undermining the MA market. However, as the analyses referenced here show, that is not evident in the data.

It is true that health plans across all markets change every year, with insurers choosing to leave some markets and enter others, drop and add new plans, and make changes to the benefits package. The year-to-year benefit package changes in MA, especially with supplemental benefits, are often driven by marketing imperatives, with likely minimal, but unknown real-world impact on beneficiaries given the limited data on supplemental benefit utilization, costs, and effects on health outcomes. The plan-offering decisions in the MA market are also driven by business considerations to protect profit margins and remain competitive. The two largest MA insurers, Humana and UnitedHealthcare, each offer plans in over 80% of U.S. counties and account for nearly half of all MA enrollment. However, because of their size, they have the ability to annually calculate pinpoint plan entrances and exits – which can cause disruption for beneficiaries.

Overall, plan choice and benefits are robust in 2026, and in most geographies beneficiaries are able to shop among multiple plans at open enrollment. In fact, regular beneficiary plan shopping and switching is a critical process keeping the MA market healthy by promoting the competitive pressures that lead plans to lower costs and design products that provide more value to enrollees.

Payment Reforms are Needed, and Can be Done While Maintaining a Robust Market

The 10% spike in Medicare premiums in 2026 for Medicare beneficiaries in both MA and traditional Medicare, is due, in part, to massive overpayments (totaling over $80 billion in 2025 alone) to MA plans. The rising premiums, and the need to put Medicare on a more sustainable path, should push policymakers to make necessary reforms that, if done properly by addressing coding abuses and other systemic flaws, can also enhance MA's competitive environment by moving away from a system that advantages the largest companies at the expense of other plan sponsors.

Policymakers considering payment changes in the MA program should be encouraged by the evidence that the recent switch to a modified risk adjustment model has not dramatically altered offerings or benefits. Additionally, since payment reductions in 2010 – that were criticized at the time as potentially catastrophic – MA enrollment has more than doubled, beneficiaries have greater choice in plans, rebates to plans that fund extra benefits and lower premiums and cost sharing reached historic highs, and plans are bidding more efficiently for contracts with the federal government. Finally, recent research has showed that significant decreases in plan payments lead to only modest reductions in plan generosity, with even less impact on the propensity for plans to offer extra benefits. All of these points should give confidence to policymakers as they seek reforms to MA, and it is time for them to get to work.