DEPARTMENT OF HEALTH and HUMAN SERVICES
Centers for Medicare & Medicaid Services
Center for Consumer Information & Insurance Oversight
200 Independence Avenue SW
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Date: May 2, 2025

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Title: Insurance Standards Bulletin Series

Subject: Plan Year 2026 Individual Market Rate Filing Instructions

I. Purpose

The purpose of this bulletin is to provide technical direction to states and health insurance issuers (issuers) on the submission of rate filing justifications for plan year (PY) 2026 for single risk pool coverage[1] in light of potential Congressional actions that could affect PY 2026 individual market rates. For example, Congress could appropriate federal funds for cost-sharing reduction (CSR) payments to issuers, extend enhanced premium tax credits that are otherwise scheduled to expire at the end of 2025, do neither, or do both.

To better position the federal government, states, and issuers to respond to potential Congressional action that could have a substantial effect on PY 2026 individual market premium rates, this bulletin gives technical direction for submission of PY 2026 rate filing justifications for individual market single risk pool coverage that are relevant to issuers in all states. This bulletin also urges states and issuers to be prepared to react to Congressional action that could affect PY 2026 individual market premiums, especially those actions that could lead to lower premiums for coverage on and off the Exchanges.

[1] The phrases "single risk pool coverage" and "single risk pool plan" are used to describe non-grandfathered health insurance coverage in the individual or small group (or merged) market that is subject to all of the single risk pool provisions at 45 C.F.R. § 156.80.

II. Background

Federal Rate Review Requirements

Section 2794 of the Public Health Service Act (PHS Act) and its implementing regulations at 45 C.F.R. Part 154 establish requirements for issuers offering non-grandfathered health insurance coverage in the individual, small group, or merged markets to submit rate filing information to the Centers for Medicare & Medicaid Services (CMS). Pursuant to this authority, CMS collects from issuers in all states rate filing justifications for single risk pool plans consisting of the following three parts:

Part I – Unified Rate Review Template (URRT);[2]
Part II – Written Description Justifying the Rate Increase (Consumer Justification Narrative);[3] and
Part III – Actuarial Memorandum.[4]

Although CMS collects rate filing justifications for single risk pool plans from issuers in all states, CMS reviews rate filing justifications only from issuers in states without an Effective Rate Review Program—currently Oklahoma, Tennessee, and Wyoming.[5,6] The scope of CMS's review of rate filing justifications for single risk pool plans in these states is limited to compliance with the federal rating rules,[7] and reasonableness[8] when the filing contains a proposed increase that meets or exceeds the federal threshold at 45 C.F.R. § 154.200(a)(1), currently 15 percent. States with an Effective Rate Review Program are responsible for performing rate reviews for compliance and reasonableness, as applicable, pursuant to state law.

Federal CSR Payments to Issuers

Sections 1402 and 1412 of the Affordable Care Act (ACA) and their implementing regulations at 45 C.F.R. Part 156 established a CSR program for qualified health plans (QHPs) in the individual market. Under the CSR program, QHP issuers must reduce cost sharing for eligible enrollees (generally, those with household incomes between 100 and 250 percent of the federal poverty level (FPL) who are also eligible for premium tax credits and who are enrolled in a silver plan through

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[2] For all single risk pool products, including new and discontinuing products, issuers must submit to CMS and the applicable state the Unified Rate Review Template, described in 45 C.F.R. § 154.215(d). *See* 45 C.F.R. § 154.215(a)(1).

[3] For each single risk pool product that includes a plan with a rate increase that is subject to review under 45 C.F.R. § 154.210, issuers must submit to CMS and the applicable state the Unified Rate Review Template, the Consumer Justification Narrative, and the Actuarial Memorandum, described in 45 C.F.R. § 154.215(b). *See* 45 C.F.R. § 154.215(a)(3).

[4] For each single risk pool product that includes a plan that is subject to a rate increase, regardless of the size of the increase, issuers must submit to CMS and the applicable state the Unified Rate Review Template and the Actuarial Memorandum, described in 45 C.F.R. § 154.215(f). *See* 45 C.F.R. § 154.215(a)(2).

[5] *See* 45 C.F.R. § 154.210(b).

[6] In addition to submitting the Rate Filing Justification, issuers submitting QHP applications to participate in Exchanges served by the *HealthCare*.gov platform are required to submit their QHP Rates Table Templates to CMS as part of the QHP certification process. *See* 45 C.F.R. § 155.1020(b) and (c).

[7] *See, e.g.,* sections 2701, 2705, 2717(c)(4), and 2753 of the PHS Act, section 1312(c) of the ACA, and 45 C.F.R. §§ 147.102, 147.110, 148.180, and 156.80.

[8] *See* 45 C.F.R. § 154.210(a).

the Exchange).[9] Under the process set forth at 45 C.F.R. § 156.430, QHP issuers would notify the Department of Health and Human Services (HHS) of CSRs provided to eligible enrollees, and the U.S. Department of the Treasury, after receiving appropriate notice from HHS, would have made periodic and timely advance payments to issuers, with reconciliation after the end of the benefit year equal to the value of those reductions. Such advance CSR payments were made to issuers until October 11, 2017, when the Attorney General of the United States directed HHS and the U.S. Department of Treasury to cease all CSR payments until a valid appropriation exists.[10, 11]

Following the termination of federal CSR payments, many states allowed or instructed their issuers to increase individual market premiums to compensate for the cost of providing CSRs. Some states allowed or required issuers to increase premium rates only on silver-level QHPs – a practice known as "silver loading" – since in general individuals can receive CSRs only if they enroll in a silver-level plan offered through an Exchange. Other states allowed or required a "broad loading" approach, in which the costs of CSRs are applied as an adjustment to the index rate for all metal level plans in the individual market both on and off the Exchanges.

Enhanced Premium Tax Credits Under the American Rescue Plan Act of 2021 (ARP) and Inflation Reduction Act of 2022 (IRA)

Section 1401 of the ACA established a premium tax credit designed to lower the monthly health insurance premium for eligible individuals and families with low or moderate income (generally between 100 and 400 percent of the FPL) who purchase coverage through the Exchange. The ARP made temporary changes to the premium tax credit by expanding eligibility and increasing the credit amount for tax years 2021 and 2022. The IRA extended these enhanced premium tax credits for three additional years through 2025. The enhanced premium tax credit provides full premium subsidies (toward benchmark Exchange plans) to eligible individuals and families with annual incomes below 150 percent of FPL, increased the premium tax credit applicable percentage for all eligible consumers, and expanded access to the premium tax credit to individuals and families with incomes above 400% FPL. These temporary provisions have impacted issuers' rating assumptions over the same time period. Enhanced premium tax credits will expire at the end of 2025 absent Congressional action.

III. Plan Year 2026 Rate Filing Instructions to States and Issuers

CMS believes it is prudent that the federal government, states, and issuers take reasonable steps to prepare for potential Congressional action that would have a substantial effect on PY 2026 individual market insurance premiums. Below, to address the possibility of potential Congressional action to extend the enhanced premium tax credits made available under the ARP and IRA and the potential Congressional appropriation of funds to make federal CSR payments to issuers, CMS gives direction to issuers for submitting rate filing justifications for individual market single risk pool plans to be offered during PY 2026.

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[9] 45 C.F.R. § 155.305(g). Cost-sharing reductions also are available to Indians enrolled in any metal tier in certain circumstances. See ACA § 1402(d) and 45 C.F.R. §§ 155.305(g)(3) and 155.350.
[10] *See* https://www.hhs.gov/sites/default/files/csr-payment-memo.pdf.
[11] *See* Op. Att'y Gen. (October 11, 2017), discussing *US. House of Reps. v. Burwell,* 185 F. Supp. 3d 165 (D.D.C. 2016).

Instructions for Actuarial Memorandum Submissions for Issuers in All States

Issuers that make permitted plan-level adjustments (or "load" premiums) to account for CSR amounts provided to eligible enrollees for which the issuer does not otherwise receive reimbursement[12] must specify the actual CSRs the issuer paid for enrollees for PY 2024 in the Actuarial Memorandum submitted with its PY 2026 rate filing. Issuers must specify in their Actuarial Memorandum the load amount and explain how it was determined. Issuers should also explain in their Actuarial Memorandum how the additional revenue collected from the applied CSR load compares to the expected amount of CSRs that will be provided to enrollees in PY 2026. This requirement for Actuarial Memorandum submission is applicable to issuers in states with or without an Effective Rate Review Program that permit such plan-level adjustments.[13]

Instructions for Issuers in States Without an Effective Rate Review Program

Issuers in states without an Effective Rate Review Program (currently, Oklahoma, Tennessee, and Wyoming) are required to submit proposed rate filing justifications for single risk pool coverage in the individual and small group (or merged) markets to CMS via the Marketplace Plan Management System (MPMS). To address the possibility of potential Congressional action, CMS is directing issuers in these states to submit two separate rate filing justifications for individual market single risk pool plans to be offered during PY 2026.

The first rate filing justification submission must be developed using assumptions that Congress will take no action to appropriate funds to make CSR payments to issuers or extend enhanced premium tax credits. Issuers must account for the enhanced premium tax credit expiration by making a market-level adjustment to the projected index rate. This adjustment must be included in the "Other" adjustment factor on Worksheet 1 of the URRT. Issuers are required to thoroughly describe the development of and justify this adjustment in the Actuarial Memorandum. This justification must detail all pricing assumptions, including anticipated enrollment impact and morbidity changes resulting directly from the expiration of enhanced premium tax credits under the ARP and IRA. Each applicable part of this first rate filing justification must be submitted via the designated fields in MPMS. *CMS requests issuers label this set as "Primary" on every page and file.*

The second rate filing justification must be developed based on the following assumptions: (1) Congress appropriates funds to make CSR payments to issuers, and (2) the enhanced premium tax credits under the ARP and IRA expire at the end of 2025. CMS anticipates that funding for CSR payments to issuers would impact several pricing considerations, most notably, enrollment distribution, morbidity, actuarial value (AV), and risk adjustment transfers, and potentially, administrative and profit loads. To reflect the enhanced premium tax credit expiration in this second rate filing justification, issuers must make a market-level adjustment in the "Other" adjustment factor on Worksheet 1 of the URRT. The Actuarial Memorandum must include a thorough description of the development of and justification for the adjustments to account for the

[12] See 45 C.F.R. § 156.80(d)(2)(i).
[13] See 45 C.F.R. § 154.215(a)(2) and (3).

enhanced premium tax credit expiration and funding for federal CSR payments. Each applicable part of this second rate filing justification must be submitted via the supplemental documents field in MPMS. *CMS requests issuers label this set as "Secondary" on every page and file.*

Other potential combinations of possible Congressional action or inaction also could affect PY 2026 individual market premium rates. Though it would be ideal for issuers to prepare and submit rate filing justifications for varied circumstances contingent on potential Congressional action, we acknowledge the resource and technical limitations that may weigh against the preparation, submission, and collection of more than two rate filing justifications. We also recognize that assumptions regarding CSR funding require issuers to consider unique pricing factors, including with respect to factors that alter the relationship between metal tiers, and that these pricing considerations are more complex than those that would be required to account for typical contingencies related to regulatory or market changes. As such, we are issuing these instructions to provide issuers with time to consider development of these factors related to CSR funding assumptions as they prepare rate filing justifications for PY 2026 that result in lower premium options for unsubsidized enrollees. In addition, for these reasons, we are only directing issuers in states without an Effective Rate Review Program to submit a second rate filing justification to cover the contingency that Congress funds CSR payments.

We urge issuers in states without an Effective Rate Review Program to take appropriate steps to be prepared for other potential Congressional action not related to CSR payments that may affect the assumptions underlying PY 2026 rates.

<u>CMS Encourages States with Effective Rate Review Programs and their Issuers to Take a Similar Approach</u>

CMS encourages states with an Effective Rate Review Program to take a similar approach and prepare for potential Congressional actions that may affect the assumptions underlying PY 2026 rates, including requiring issuers to submit two rate filing justifications based on the same assumptions specified above for issuers in states without an Effective Rate Review Program. As noted above, Congress funding CSRs and extending the enhanced subsidies that are set to expire at the end of 2025 are not the only possible Congressional actions that could affect PY 2026 premium rates. States and issuers should be prepared to react to these alternative circumstances and may determine that the submission of two or more rate filing justifications is necessary and appropriate to prepare for potential Congressional action that could affect PY 2026 premiums in the state.

In the case that states with Effective Rate Review Programs opt to collect more than one rate filing justification for PY 2026 individual market plans, CMS acknowledges that it can accept only one rate filing justification *via* the SERFF to MPMS transfer. To accommodate states with an Effective Rate Review Program that collect two (or more) rate filing justifications, CMS requests that states first transfer rate filing justifications developed based on assumptions that reflect Congress will take no action to appropriate funds to make CSR payments to issuers or extend enhanced premium tax credits. If Congress takes action to fund CSR payments, extend the enhanced subsidies, or another action that affects the assumptions underlying a plan's rate filing justification, CMS will work with states to direct its issuers to withdraw that affected filing in SERFF. Once the affected filing(s) is withdrawn, the state should notify CMS. CMS will then deactivate the transferred rate filing justification in MPMS and advise the state that issuers may then submit the alternate filing that is based on assumptions that reflect applicable federal law for PY 2026.

Deadlines

The rate filing submission and final determination deadlines specified in CMS's *Bulletin: Timing of Submission of Rate Filing Justifications for the 2025 Filing Year for Single Risk Pool Coverage Effective on or after January 1, 2026,*[14] remain unchanged. Therefore, issuers in states without an Effective Rate Review Program must submit both rate filing justifications to CMS via MPMS by June 2, 2025. Issuers in states with an Effective Rate Review Program must submit rate filing justifications, as directed by the state, to both CMS and the state by the deadline set by the state, as long as that deadline is no later than July 16, 2025.

Rate filings that contain a QHP in states with Exchanges served by the *HealthCare.gov* platform must be finalized by the state or CMS by August 13, 2025. If Congressional action affecting the assumptions underlying these rate filing justifications occurs after August 13, 2025, issuers may submit corrected rate filing justifications during the September 11-12th limited data correction window.

The deadline for states and CMS to finalize rate filings containing only non-QHPs and for states with a State-based Exchange that does not use the *HealthCare.gov* platform to finalize rate filings that contain a QHP is October 15, 2025. This deadline is not expected to change given its proximity to the start of the open enrollment period for PY 2026 individual market coverage.

Where to get more information

If you have any questions regarding this bulletin, please contact the Center for Consumer Information & Insurance Oversight at ratereview@cms.hhs.gov.

[14] *See* Bulletin: Timing of Submission of Rate Filing Justifications for the 2025 Filing Year for Single Risk Pool Coverage Effective on or after January 1, 2026, available at https://www.cms.gov/files/document/2025-rate-review-bulletindocx-508-compliant.pdf.