Falling ACA Enrollment and Rising Group Health Insurance Premiums Drive a Shift to Self-Funded Health Plans

Employer-sponsored self-funded health plans gain traction amid shrinking ACA enrollment and rising insurance costs

LOUISVILLE, KY, UNITED STATES, February 10, 2026 /EINPresswire.com/ -- The expiration of Affordable Care Act (ACA) subsidies is reshaping the U.S. health insurance market, driving declining enrollment and setting the stage for sharp premium increases nationwide. Industry experts warn that as fewer Americans sign up for coverage, costs will rise even higher for those who remain insured — adding pressure on families, employers, and the healthcare system.

ACA enrollment for the 2026 plan year has fallen to about 23 million Americans — roughly 1.2 million fewer than last year — as rising costs push many to delay or forgo coverage. With subsidies ending, average annual premiums for marketplace plans are expected to more than double, rising from approximately $888 in 2025 to $1,904 in 2026.(1) Healthier individuals are more likely to opt out, leaving a smaller and sicker insurance pool and driving costs higher for everyone.(2)

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> *Paul Ford, CEO of Quilt Benefits*

Employer health insurance costs have also climbed sharply. Average annual family premiums approached $27,000 in 2025 — up about six percent from the prior year — with workers contributing roughly $6,850 and employers covering the rest. Over the past five years, family premiums have risen about 26 percent, outpacing inflation.(3) Experts project costs will continue climbing in 2026 and beyond, intensifying financial pressure on employers navigating a volatile healthcare market.(4)

Why Premiums Are Rising

Health policy analysts warn that as premiums surge without subsidies, fewer individuals are enrolling or renewing ACA plans. This shrinks the insured population — particularly among healthier consumers — leaving a higher concentration of costly claims. Insurers respond by raising premiums to offset risk, accelerating a cycle of rising costs and declining participation.(2)

Insurers are not just increasing ACA premiums, they are raising the insurance premiums for insured group plans to address rising costs and increased insurance usage. Some groups are now experiencing near double-digit increases in premiums year-over-year while others carriers have exited the group insurance market altogether.(6)

Self-Funded Employer Plans Offer Stability

While employer-sponsored plans are not immune to healthcare inflation, they do benefit from self-funded health plans, which allow employers to assume the financial risk for claims offering a more stable alternative to fully insured group marketplace coverage. These self-insured plans give employers more control over their data, pharmacy rebates, plan design, provider networks, and cost management strategies. Businesses can tailor benefits, implement wellness and cost-containment programs, and access detailed claims data — tools rarely available under conventional insurance plans.

“Employers and plan sponsors are tired of being told they cannot have access to their own data to manage their programs effectively and that they cannot implement solutions that will benefit their group financially and with regards to healthier outcomes for their members," said Paul Ford, CEO of Quilt Benefits. "This, coupled with steady increases year over year by insurers with market share, have created an environment where alternatives are being sought out and implemented without adding more risk. Plan sponsors can reasonably save upwards of 30%.”

Over the past two decades, the share of U.S. employees covered by self-funded plans has grown from 44 percent in 1999 to over 65 percent in 2023, reflecting a long-term shift away from fully insured models.(5) Self-funded arrangements allow employers to control spending, manage risks proactively, and provide more predictable budgeting for employees while maintaining flexibility to adjust benefits to workforce needs.

As ACA subsidies expire and group insurance marketplace premiums climb, traditional coverage becomes less sustainable. Employers are increasingly turning to self-funded health plans to protect their workforce and financial stability, offering affordable, flexible solutions that help manage rising healthcare costs while providing comprehensive coverage.

Quilt Benefits is a leading self-funded health benefits administrator providing modern, flexible healthcare solutions designed for employers, CFOs, HR teams, and their employees. Leveraging advanced analytics and Smart Fabric Networks, Quilt optimizes provider networks and cost containment strategies to help employers control healthcare spending while maintaining high-value coverage. Through its comprehensive platform—including medical, prescription drug, dental, and vision administration—Quilt delivers transparent, data-driven benefit programs that improve financial predictability and support employee health and satisfaction. With decades of experience and a dedicated customer service approach, Quilt empowers employers to offer robust benefits that attract and retain talent without the rigid constraints of traditional insurance models. For more information visit www.quiltbenefits.com.

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