

WHY ARE OBAMACARE PREMIUMS REALLY GOING UP?

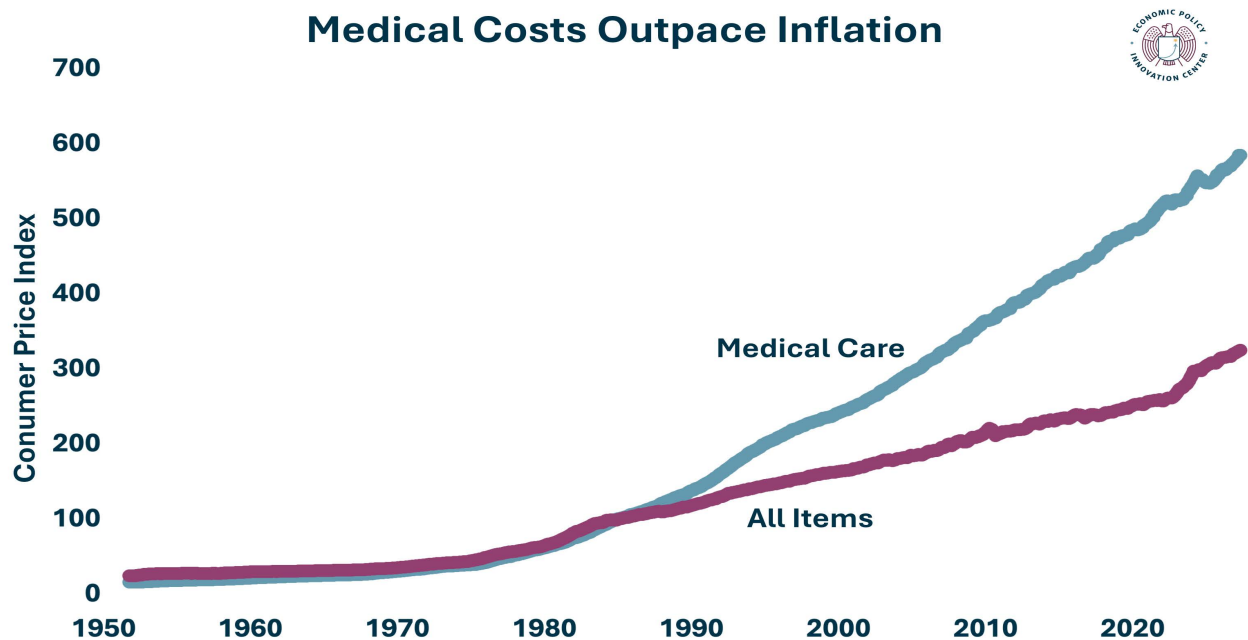
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Some are claiming that the expiration of [Biden’s expanded COVID credits](#) in December 2025 will be the cause of increased premiums for people with Affordable Care Act (ACA) plans. However, this is not the case.

In reality, health insurance companies are [actually reporting](#) ACA premiums may increase by 18% on average in 2026 primarily because of increases in medical costs, labor shortages for skilled healthcare workers, high-cost specialty drugs, tariffs and economic uncertainty, and Biden-era inflation.

Increases in Medical Care Costs

The cost of medical care has consistently outpaced the average rate of inflation for several decades, and the majority of insurers say that these costs are continuing to grow at a rapid rate. The so-called “Affordable Care Act” has not made health care affordable. There has also been an increase in demand for medical care, prescription medicine, and diagnostic imaging.



There is an ongoing [labor shortage](#) for physicians, nurses, and other skilled workers in the medical field, requiring hospitals to pay much higher wages. The demand for

prescription medicine has [also increased](#), especially recently with the rise of high-cost specialty drugs such as the [GLP-1 weight loss drugs](#) (e.g. Ozempic). The population is getting older and [going to hospitals more](#), and utilizing [more expensive and advanced](#) diagnostic imaging services, such as getting an MRI instead of an x-ray.

All of these factors contribute to higher medical costs nationwide, including people with ACA coverage. [Health System Tracker's analysis](#) estimates these factors account for more than half of the increase in premiums in their sample of insurers.

Tariffs and Rising Economic Uncertainty

Insurers are worried that tariffs will affect drug prices and the broader economy, leading them to request an increase in premiums preemptively. General economic uncertainty is also leading insurers to forecast a reduction in people choosing to be insured. [Health System Tracker](#) estimates these factors account for about a fifth of the increase in ACA premiums in 2026.

Biden-Era Inflation

Some insurers specifically reported that the past [few years of high inflation](#), which occurred during the Biden Administration, have contributed to increasing labor and administrative costs, leading them to increase their premiums to cover these growing overhead expenses.

Expiration of Biden's COVID Credits Reduces Fraudulent Payments to Insurers

Most insurers expect that Biden's COVID Credits will expire as the law requires in December 2025. This leads to many of them forecasting a decrease in enrollment in their ACA plans, especially in "healthier" enrollees whose plans were substantially or fully subsidized by these credits. This projection assumes healthy individuals will not deem the ACA plans worth the cost of coverage without the subsidy.

If healthier people, who are less likely to file claims for medical procedures or prescriptions in any given year, leave the [risk pool](#), the remaining participants, who are typically older and less healthy, would have to pay higher premiums to offset the increase in average morbidity (one example [here](#)).

The estimates that fewer "healthy people" enroll in the ACA only tells part of the story about the risk pool. In reality, the Biden COVID Credits have led to [massive levels of fraud](#) and improper payments. Though the insurance companies do not mention it, millions of people were [fraudulently enrolled](#) without their knowledge and are often unaware that they have ACA coverage at all. An estimated [\\$27 billion](#) in improper payments to insurance companies were made in 2025 alone.

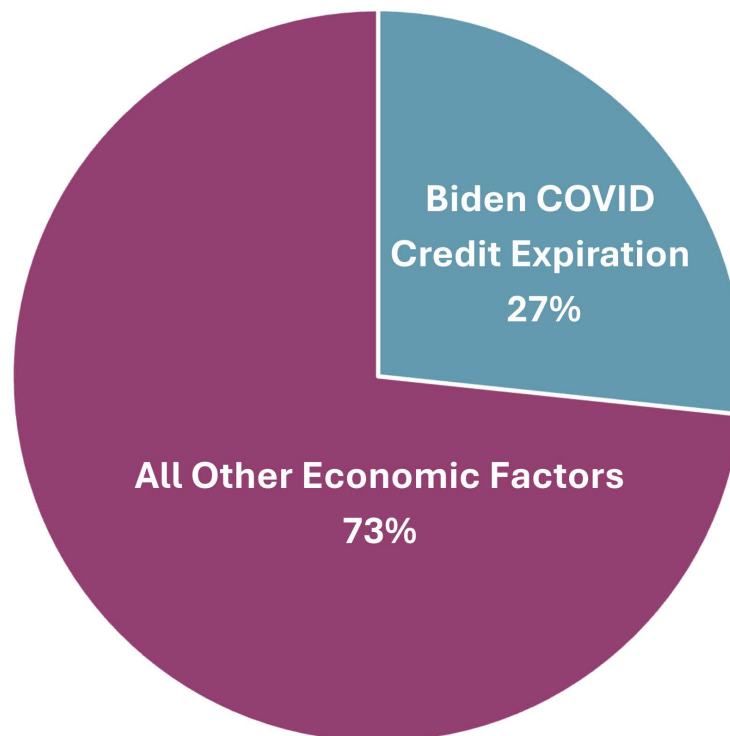
In effect, the credits these health insurance companies get on behalf of the fraudulent enrollees serve as a direct subsidy to the insurance companies, boosting their bottom

line. Insurance companies received at least [\\$35 billion in subsidies](#) for about [12 million ACA enrollees](#) in 2024 who made zero medical claims that year, according to an analysis of HHS data by the Paragon Health Institute. About 40% of fully subsidized Biden COVID Credit enrollees did not file a claim, even for a single prescription or a checkup.

Why Obamacare Premiums Are Really Going Up

[Health System Tracker](#) estimates that all other factors, outside of Biden’s COVID Credits expiring, account for almost three-fourths of the increase in premiums.

Why Obamacare Premiums are Going Up



If the credits are allowed to expire, the federal government will still continue to subsidize [a significant portion](#) of ACA participants’ medical expenses, but taxpayers would be footing the bill for fewer fraudulent and higher-income enrollees.

Given these facts, lawmakers should not misattribute rising premiums to the expiration of the Biden COVID Credits. Instead, they should allow them to expire on schedule.