

BETTER MEDICARE

ALLIANCE

Memorandum

To: Policymakers, Stakeholders, and the Public

From: *Better Medicare Alliance*

Date: *October 14, 2025*

Subject: *Median Maximum Out-of-Pocket Limits Rising Again in 2026 as Previous Administration Cuts Continue to Strain Medicare Advantage*

Overview

The release of 2026 Medicare Advantage plan participation and benefit data provides early insight into how plans are responding to the impact of cuts and regulatory mandates during the previous administration, high utilization rates, and other medical trends. While the program remains strong overall, the data indicate emerging trends that could signal future challenges for beneficiaries if current pressures persist.

A new analysis by Avalere Health finds that the **median maximum out-of-pocket limit (MOOP)** will increase from **\$5,400 in 2025 to \$5,900 in 2026—a 9.3% increase**. Following an 8% MOOP increase in 2025, this is an \$900 increase in the median MOOP since 2024. This trend reflects a steady erosion of the program’s affordability advantage under mounting policy and financial pressure.

Most beneficiaries will still have access to affordable \$0 premium plans. However, the data reveal clear signs of strain: **plan participation is declining, choice is narrowing in some communities, and costs are climbing for seniors**. These are the direct and cumulative effects of recent policy and payment decisions by the previous administration, as well as high utilization and medical trends, which will not be completely ameliorated by the funding increase approved earlier this year by the Trump administration.

Key Takeaways from 2026 Landscape Files

1. Out-of-Pocket Costs May Rise for Some Seniors

- The **median maximum out-of-pocket limit (MOOP)** for Medicare Advantage beneficiaries will increase **\$500 in 2026**, from **\$5,400 to \$5,900**.
- **38 states and the District of Columbia** will see higher median MOOP levels next year, with substantial increases in median MOOP in several regions.
- Since 2023, the median MOOP has risen nearly **\$1,000**.

This trend means that, while premiums remain stable, some **seniors could face greater cost exposure for their care**.

2. Plan Availability Declines for the Second Straight Year

- The **total number of Medicare Advantage plans** will fall from **5,084 in 2025 to 5,030 in 2026**, a net reduction of **54 plans** year-over-year.
- The decline includes a reduction of **335 non-Special Needs Plans (non-SNPs)**, partially offset by growth of **281 Special Needs Plans (SNPs)**.
- **26 states and the District of Columbia** will see fewer plan options, including notable decreases in:
 - **Minnesota (-25 plans)**
 - **New York (-25 plans)**
 - **Indiana (-24 plans)**
 - **Colorado (-23 plans)**

Compared with **5,205 total plans in 2024**, the program has lost **198 plans over two years**, a **decrease of 3.8%**.

3. Affordability Remains a Strength, but Resilience Is Being Tested

Even amid these pressures, **59% of Medicare Advantage plans have \$0 premiums in 2026**, and the **average premium among plans with a premium will decrease from \$49.41 in 2025 to \$46.64 in 2026**. However, rising MOOP limits, declining plan participation, and geographic disparities suggest that the **system's ability to absorb further policy and regulatory shocks is nearing its limit**.

Broader Trends: 2025 to 2026

The landscape files show that 2026 will continue the concerning pattern first seen in 2025:

- **Individual non-SNP plan offerings declined 6% last year.**

- **Out-of-pocket maximums rose 8%** between 2024 and 2025, from \$5,000 to \$5,400.

Taken together, these consecutive increases in beneficiary cost exposure and erosion in plan choice underscore the **compounding effect of cuts and policies in the previous administration** that have strained plans' ability to maintain affordability and access.

Conclusion: The Need for a Stable Policy Environment

The 2026 data make clear that **the cost of continued policy uncertainty is being felt by seniors.**

After years of cuts and layered regulatory mandates, **plans are running out of tools** to shield beneficiaries from higher costs and reduced choice.

Better Medicare Alliance urges policymakers to:

- **Reject further cuts or policy changes** that jeopardize plan stability and beneficiary access.
- **Establish a predictable, forward-looking policy framework** that supports Medicare Advantage's affordability, innovation, and quality of care.
- **Protect the more than 34 million seniors and individuals with disabilities** who depend on the program for comprehensive, high-value coverage.

Without such action, seniors will continue to bear the burden of policies that undermine Medicare Advantage's proven record of success.

Source: *Avalere Health analysis of the 2026 CMS Medicare Advantage Landscape Files, prepared for the Better Medicare Alliance (October 2025). MSA, PFFS, Employer Group Waiver, PACE, Cost, and Demo plans are excluded from the analysis.*