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Future of the Individual Market: Impact of the House Reconciliation Bill and Other Changes on the ACA Individual Market

In this new Wakely report, we analyze the effects of both the House budget reconciliation bill and the expiration of enhanced premium tax credits (ePTCs). The report highlights that the individual market will look fundamentally different when the full effects of all proposed changes occur. Specifically, the **combination of ePTC expiring and full enactment of H.R. 1 could reduce current enrollment by 47% to 57% or between 11.2 and 13.6 million individual market enrollees.**

- This range includes both direct impacts on subsidized individuals due to net premium increases after premium tax credits as well as a **loss of unsubsidized enrollment**

between 3.9% to 6.1% following large gross premium increases.

- Non-Medicaid Expansion states would see especially large enrollment losses with total reduction in enrollment ranging between 53% and 64%.
- We estimate the combined effects could **increase market average premiums between 7.0% to 11.5% due to market attrition and morbidity increases**, not accounting for incremental claims trend impacts.
- H.R. 1, itself, **could reduce enrollment between 22% and 27% or between 5.2 and 6.4 million enrollees** when layered on top of the expiration of ePTCs.
- Enrollment and premium impacts varied by state; the range of potential enrollment impacts were wider than the average range of 47% to 57% and market average premiums between 7.0% to 11.5%.
- The combination of ending passive enrollment and pre-enrollment verification is estimated to reduce enrollment **between 1.5 million and 3.3 million**. The wide range of enrollment losses is driven by uncertainty about the impact of pre-enrollment verification which will be highly dependent on how it will be defined and enforced by CMS and operationalized by State Based Marketplaces and Healthcare.gov. **The pre-enrollment verification program alone is estimated to result in coverage losses of 720,000 to 2.2 million people.**

This report was also written with Health Management Associates Managing Director [Zach Sherman](#).

Register for July 10 Webinar

Join us to explore findings from the white paper and an in-depth discussion with experts from Wakely, HMA, and Leavitt Partners on the future of the individual market and the impacts of potential Congressional and regulatory changes to the ACA. Register [here](#) for “The Future of the ACA Individual Market: Policy Shifts and the House Reconciliation Bill.”

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Opinion

Editorial Board

The One Big Beautiful Bill would tangle Obamacare in red tape

Under the legislation now before Congress, millions of people would lose their health insurance.

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Republicans in Congress have dropped the mantra to “repeal and replace” Obamacare that they repeated so often during President Donald Trump’s first term. This time, their “big beautiful bill” would instead undermine the Affordable Care Act in subtle ways.

The legislation would erect multiple barriers to receiving the subsidized ACA coverage at the law’s core. It would shorten enrollment periods, restrict access for many immigrants living legally in the country and add burdensome paperwork that would make it hard for people to remain on the plans they already have.

Take, for example, the bill’s provision to end automatic reenrollment in ACA insurance plans. In 2025, nearly 11 million people who bought policies on the state exchanges — about half of all enrollees — were automatically reenrolled, a practice that is typical across the health insurance industry. The Congressional Budget Office projects that eliminating this for the ACA would result in 700,000 people becoming uninsured by 2034.

The bill also would add a stricter eligibility verification process, requiring beneficiaries to gather documents every year to prove that they remain eligible, based on their income, immigration status and more. Altogether, the CBO estimates, this new red tape would cause more than 3 million people to lose their health insurance.

This is in addition to the 4 million who are expected to lose coverage due to the expiration of enhanced ACA subsidies that Republicans appear likely to

allow to lapse. Add in the Medicaid cuts also in the legislation, and the total number of uninsured Americans stands to rise by 16 million. This would wipe out most of the gains in health coverage that the United States has achieved since the ACA was put in place.

And this calculus leaves aside what the bill's ACA policies might do to people's health insurance premiums down the line. Sick people, who have the greatest need for health care coverage, will be the ones most likely to go to the trouble to navigate the bureaucracy, while healthy people might be more inclined to give up. Then, with fewer healthy people in the risk pools, premiums would rise for everyone.

If the bill's proposed ACA requirements were designed to fix some major problem, perhaps some decline in coverage could be justified. But they aren't. Unlike Medicaid, ACA subsidies are not given to people who are not working; to be eligible, beneficiaries must verify that they have an income — for example, by providing a tax return.

And while it is true that the federal ACA marketplace has seen fraudulent enrollments, this is largely due to some health insurance brokers' gaming the system to enroll people in plans without their permission. But officials who run state marketplaces say they don't have this problem, and they insist that it is possible to combat such fraud without hassling people who are trying to keep their health plans. Federal officials, too, have begun making administrative changes to address the problem.

This is not to say that America's health care system is already perfect. It covers too few people, it costs too much, and it's complicated and confusing for people. But the solution is not to make it even more complex so that more people have no insurance at all. What's needed is the opposite: an effort to consolidate public health care programs, to make them easier to understand and more efficient, while acting to lower the cost of health care.

If the legislation were designed to save money this way, it would be worth supporting. But the Obamacare revisions embedded in the Republicans' bill provide no benefits to offset the damage they would do.