

Health Insurers Ditch Medicare Advantage Plans to Boost Profit

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Summary by Bloomberg AI

- At least one million US seniors will be forced to switch health plans next year as the largest Medicare Advantage providers cut benefits and discontinue some offerings.
- About 390,000 people are part of UnitedHealth Group Inc. plans that are shutting down, and Humana Inc. has said that it will cut plans covering about 600,000 people.
- Insurers are also cutting some benefits in plans that will be available and raising certain prices, with premiums for standard Medicare Advantage plans generally increasing and out-of-pocket limits also generally rising.

At least one million US seniors will be forced to switch health plans next year as the largest Medicare Advantage providers cut benefits and discontinue some offerings in the wake of rising medical costs and heightened government scrutiny.

About 390,000 people are part of UnitedHealth Group Inc. plans that are shutting down, a company spokesperson said. Humana Inc. has said that it will [cut plans](#) covering about 600,000 people. CVS Health Corp.'s Aetna and Centene Corp. are also shrinking their Medicare Advantage options, according to Wall Street analysts who reviewed government data published this week.

About half of eligible seniors are enrolled in Medicare Advantage, a private version of the federal health program for the elderly and people with disabilities. It used to be a reliable profit-driver for insurers, but companies have been reducing benefits and pulling out of less profitable markets as the program became less lucrative.

Medicare Advantage plans for 2027 go on sale Oct. 15, and companies can begin advertising their offerings on Thursday. Instead of trying to expand membership, many companies are focused on attracting the right mix of enrollees to ensure profitability.

"Most carriers are continuing to prioritize margin over growth," analysts from Raymond James wrote in a note to clients this week.

UnitedHealth, the largest seller of Medicare Advantage health plans, reported its [first earnings miss](#) in more than a decade last year after its members sought care at a far higher rate than expected.

CVS declined to say how many people are enrolled in the plans it is closing. Centene wasn't immediately available to comment.

Some of the people whose plans are discontinued will likely be automatically moved into different plans. In 2026, an estimated 3 million people were in Medicare Advantage plans that shut down.

Insurers are also cutting some benefits in plans that will be available and raising certain prices. Premiums for standard Medicare Advantage plans are generally increasing, according to analysts from Piper Sandler. They noted that premiums are mostly declining for special needs plans that cover about one-quarter of enrollees and include people with both Medicare and Medicaid coverage, as well as those with certain chronic health conditions or who receive institutional care.

The Centers for Medicare & Medicaid Services says the weighted average Medicare Advantage premiums will decline.

Insurers are also generally raising out-of-pocket limits, the maximum amount of money that patients pay for health services that are covered by their insurance plan, according to analysts.

As enrollment season begins, investors will be watching for the release of quality ratings, called Stars, which affect how much money Medicare Advantage providers get from the government. These are generally posted in October.