Millions Lose Private Medicare Plans and Face Rising Costs

As enrollment for Medicare Advantage begins this month, older Americans are confronting fewer options because insurers are discontinuing coverage in many areas.



Mick and Ann Kalber, who live in Pahoa, Hawaii, are bracing to pay hundreds more in health insurance premiums after receiving a letter last week advising them that their plan is being discontinued.Credit...Bruce Omori for The New York Times

By Christopher Rowland and Reed Abelson – The New York Times
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Millions of people with private Medicare coverage are being forced to change their insurance for 2027 and will pay higher prices for prescriptions and medical care, prompting some experts to warn that more older Americans will face greater financial hardship.

Major insurers, like UnitedHealth, Centene and state Blue Cross plans, have shuttered plans that they viewed as unprofitable in certain markets, leaving some people with fewer choices of policies, and even more limited choices of doctors in 2027. In some rural counties from Oregon to New Hampshire, older Americansshopping for private Medicare Advantage plans will find that options have vanished completely or are dwindling to just a few plans.

Overall, as open enrollment begins this month, roughly five million people will be forced to switch plans because their current policy has been canceled or is no longer offered in the county where they live, according to an estimate from Duos, a health technology firm. Other estimates are lower, but analysts who

have been studying the issue said cancellations would probably surpass the number this year, which was the highest on record.

Dependent on Social Security and other fixed incomes, recipients also will be paying substantially more in out-of-pocket costs next year when they need a prescription drug or go to a doctor or hospital.
The upheaval and confusion in some areas of the country are in sharp contrast to the Trump administration's claims that the Medicare Advantage program is "stable" and that average premiums will be lower next year. Now that about 35 million older Americans are covered by Medicare's private plans, many will face an enrollment period that is likely to be volatile, according to insurance brokers, industry analysts and experts.

The disruptions risk angering older voters before the midterm elections. Many voters say they are unable to afford increases in health care, groceries and gas. A KFF poll released this week found that nearly twice as many likely voters trust Democrats more than Republicans to handle health care costs.
President Trump has announced that the administration was sending out pre-election payments of at least $90 to 20 million traditional Medicare beneficiaries — but not those covered by private plans. Democrats called it a "desperate" move in the face of voter disapproval.

The changes to Medicare Advantage will require members to carefully scrutinize the fine print of plan options, because costs are rising in multiple ways — from co-payments for doctors and prescriptions to deductibles, health analysts said.

In Pahoa, on the Big Island of Hawaii, Ann and Mick Kalber received a registered letter last week advising them their plan was being discontinued.

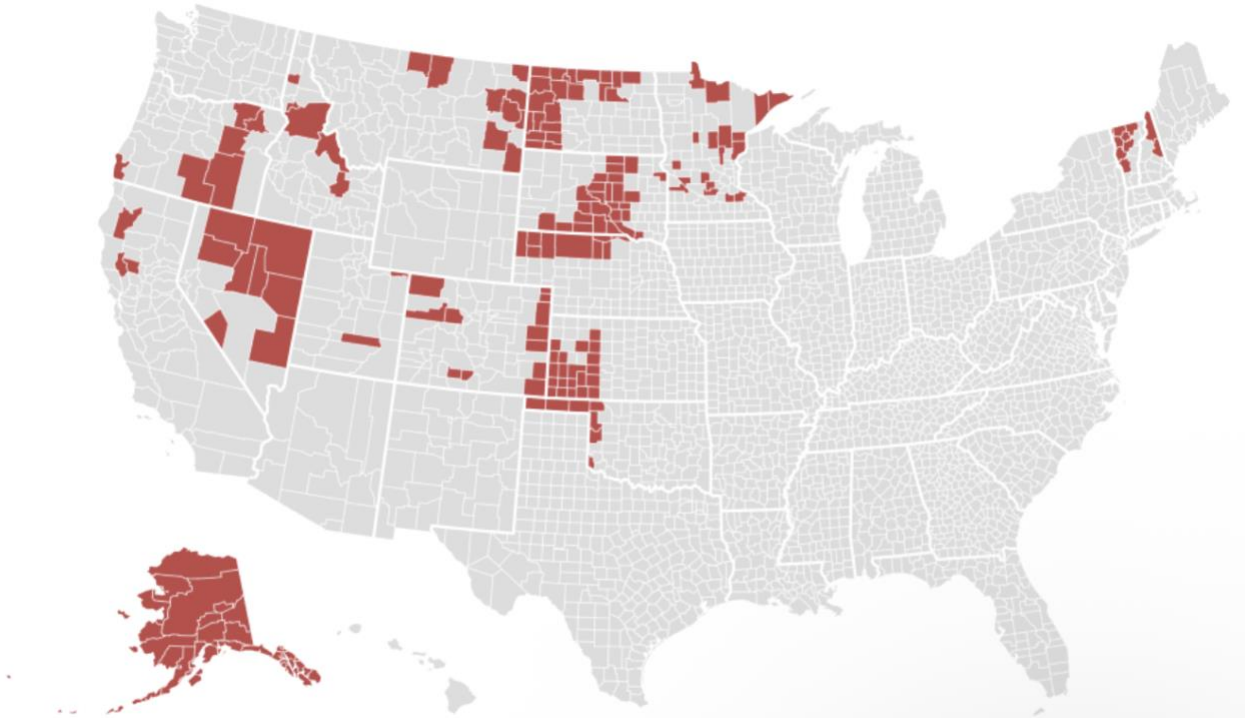
Mr. Kalber, 78, has a history of throat cancer and jaw surgeries, and he is now on a feeding tube. This year he was hospitalized twice in nearby Hilo. Together the couple are paying less than $300 in monthly premiums. Now they are bracing to pay hundreds more. A high priority for the couple is maintaining access to a Mayo Clinic surgeon in Florida who has operated on Mr. Kalber's jaw.
Asked if they could afford any increase while living on a combination of Social Security income, an inheritance and savings from careers making videos of volcanic eruptions, Ms. Kalber said, "No — but we can't afford not to."

Republicans and many Democrats have long championed privatization of Medicare, but some supporters are concerned that Medicare Advantage is losing its luster. For years, the private market for Medicare plans seemed like a gold rush for insurers, which offered low-cost plans and policies that offered benefits like vision and dental care that were not available in the traditional program. By 2023, more than half of the people eligible to enroll had signed up for a private plan.

But the insurance companies soon came under sharp criticism for overbilling the program, prompting government officials to reduce reimbursements. Health care costs also began to climb more sharply, and some insurers say they struggled to make money.

Counties without any Medicare Advantage plans

In 187 counties, insurers are not offering any Medicare Advantage plans next year. Rural counties with low populations, fewer hospitals and higher costs are disproportionately losing plans.



Source: KFF. Rebecca Robbins/The New York Times

Health Care Service Corporation, which operates nonprofit Blue Cross plans in several states, is sharply reducing the number of places where it offers plans and exiting some half-dozen states.

Like other insurers, the company points to numerous reasons for dropping out of various regions of the country, including changing government policies, medical costs in certain communities and the number of people enrolled in its plans.

The company said it remained committed to the market. “Medicare Advantage is very important to us,” said Stephen Harris, who oversees government programs for the insurer.

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Cutbacks by UnitedHealth, the nation’s largest insurer, are causing some 390,000 people to switch policies.

The company emphasized that 94 percent of individuals eligible for the program would still have access to one of their plans. “The program is delivering real value today,” said Bobby Hunter, the president of UnitedHealthcare.

Some of the extra benefits, like dental care, that have made Medicare Advantage especially popular and have been used by insurers for years to woo new customers and build market share are being pared back. In announcing what plans would be available for 2027, the Trump administration emphasized the program’s stability. It said people would pay lower premiums overall and pointed out that most parts of the country would have a robust number of plans competing for business.

Medicare “is fighting to keep high-quality care options affordable and accessible for the millions of beneficiaries who rely on Medicare Advantage and Part D prescription drug plans,” said Dr. Mehmet Oz, the administrator of the Centers for Medicare and Medicaid Services. “By slashing handouts to big insurance companies,” he said, the government “is keeping premiums stable.”

“Individual plans make business decisions every year about where and how they participate, but those decisions should not be confused with M.A. instability,” Dr. Oz said in a statement, referring to Medicare Advantage.

But industry experts estimate that millions of people will no longer have access to the plans they had chosen, particularly those plans that did not charge a premium.

“In my decade of working in the industry, I have never seen the announcement so disconnected with what the market is experiencing as a whole,” said Jenn Kerfoot, the president of Duos, which helps people navigate Medicare. “We’re seeing the compounding forces of changes in this program.”

Many older Americans on fixed budgets will see monthly premiums rise — and what they must pay toward their medical and drug expenses will also go up. By one estimate, the average out-of-pocket limit on a typical plan will rise to $6,600, from about $5,000 in 2024.

Michele Harris-Padron, 74, who lives in Santa Barbara, Calif., can keep her plan but will have to pay $30 more a month in premiums next year. Her out-of-pocket costs could also go up. The amount she pays to see a specialist will go up from $45 to $60 a visit.

She and her husband switched plans two years ago from Blue Shield of California to UnitedHealthcare when her Blue Shield plan no longer covered her doctors.
“I’m really struggling to see if there are any other options for us, but I don’t really believe that there are,” Ms. Harris-Padron said.

Some states are getting hit harder than others. Insurers in Minnesota cut plans in 2026 and plan to again for 2027, with another 387,000 people caught in plans that are ending coverage either because companies closed the plan or left a county, according to Duos.

The number of counties with no plans available at all in 2027 rose to 187, from 118 this year, out of the nation’s 3,069 counties, according KFF, a nonprofit health policy organization. States with counties that have no plans in 2027 for the first time are New Hampshire, North Dakota and Oklahoma. Alaska’s vast rural area and tiny population have made it prohibitive for Medicare Advantage insurers for years.
One of those places where all plans have dried up is Minnesota’s Crow Wing County, a two-hour drive from Minneapolis in the center of the state. Nicole Converse, a broker at RG Insurance, said she was advising Medicare Advantage beneficiaries there that they would have to switch to traditional Medicare and purchase a supplemental Medigap plan, which she said would cost $330 a month in premiums. They also will have to purchase a separate Medicare Part D drug plan. She said the firm had about 1,000 Medicare Advantage clients in the county who would be affected.

“It’s been pretty rough so far having to explain that to people,” Ms. Converse said. “The biggest concern is they are going to have a hard time affording this.”

Rural states are experiencing more turmoil because paying for care in those places can be more expensive for insurers. The limited number of hospitals and doctors outside urban areas makes it difficult for insurers to negotiate favorable contracts, said Roshan Desai, vice president for product and strategy at Rebellis Group, which advises health plans.

“There’s a lot of volatility,” he said. “Before, plans would never reduce a service area. Now it’s common.”
For many people in traditional Medicare, their stand-alone prescription benefit insurance, called Part D, also will be changing. About four million people who received this drug insurance with no monthly premium will now be required to pay, because the Trump administration is ending temporary subsidies. The number of stand-alone Part D plans has declined by two-thirds, to 316 from nearly 1,000 in 2021, according to Duos.

Whether erosion and higher costs in Medicare Advantage will continue after next year depends on a number of factors, including any government response.

“This doesn’t have to be the new normal, and it shouldn’t be,” said Rebecca Buck, senior vice president for public affairs for the Better Medicare Alliance, which represents the private insurers. “It all starts by fully funding Medicare Advantage and good stable policymaking.”