

Medicare Supplement

2026 Outlook



This guide highlights what's next for Medigap — expected premium adjustments, evolving consumer preferences, and new switching flexibilities — to help agents and agencies plan for a more competitive year ahead.

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Introduction

The Medicare landscape continues to evolve under the combined pressures of regulatory recalibration, cost containment, and consumer preference shifts. As CMS projections indicate a reduction in Medicare Advantage (MA) plan offerings for 2026, the balance between Advantage and Supplement coverage is expected to shift once again. This briefing outlines the emerging trends affecting Medicare Supplement (Medigap) market performance, the underlying policy and carrier factors influencing plan availability, and the strategic implications for agents.

Market Conditions and Policy Environment

CMS has forecasted a net reduction in MA plan counts for 2026, following multiple years of aggressive expansion across both national and regional carriers.

Several factors contribute to this anticipated contraction:

- Rising administrative and compliance costs associated with prior authorization reform and new utilization management rules.
- Pressure on supplemental benefits under revised CMS actuarial equivalency standards.
- Tightened margins resulting from increased medical loss ratios (MLRs) and inflationary adjustments to provider reimbursement.

As a result, several MA carriers are consolidating product portfolios or exiting marginally profitable counties. Beneficiaries in affected markets may face fewer plan choices or narrower networks in the upcoming AEP.

Consumer Behavior Trends

Early-year data and field feedback suggest a renewed emphasis on stability and provider access among beneficiaries. While MA enrollment remains high, the volatility of plan benefits and out-of-pocket structures continues to generate consumer dissatisfaction.

Key behavioral indicators include:

- A measurable increase in plan-switching inquiries following the 2025 AEP, particularly among members experiencing mid-year formulary or network changes.
- Stronger retention within Medicare Supplement blocks, driven by predictable benefits and fewer service disruptions.
- Heightened sensitivity to MOOP increases, with some MA enrollees facing projected caps of \$8,850 or higher in 2026.

These developments collectively reinforce the value proposition of Medigap coverage, especially among older and higher-utilization populations seeking control over provider relationships.

Performance Snapshot:

Year-to-date data indicates stable or modestly rising Medicare Supplement production across most top-tier carriers. Persistency rates have remained strong, often exceeding 90% in renewal blocks.

Carriers reporting notable production volume increases include those offering competitive Plan G and High-Deductible G (HDG) options, particularly in states with favorable underwriting environments and rate stability histories.

Emerging carrier segmentation shows:

- Mature national brands maintaining dominant market share in legacy Plan F blocks.
- Regional and niche carriers gaining traction with competitive HDG and Select offerings.
- Steady premium trends, with most 2026 filings reflecting moderate single-digit increases, contrasting sharply with MA plan benefit adjustments.

Why Medigap Remains Structurally Resilient

From a regulatory and actuarial standpoint, the Medicare Supplement market continues to benefit from a stable policy framework and a predictable claims environment.

Unlike MA contracts, which are subject to annual bid negotiations and CMS star-rating incentives, Med Supp plan designs are standardized and less exposed to political or budgetary shifts.

This contributes to:

- Low annual volatility in plan design and member experience.
- High satisfaction levels, often translating into multi-year retention.
- Predictable margins for carriers and distribution partners.

Furthermore, the aging of the Plan F block continues to create migration opportunities into Plan G and HDG, offering agents a natural re-engagement channel with existing clients.

The 2026 Outlook

Plan Availability: CMS filings confirm the first measurable reduction in MA plan counts in several years. The decline is expected to vary regionally but will affect both PPO and HMO segments.

Carrier Consolidation: Several national carriers are simplifying product portfolios and reprioritizing core service areas. Smaller entrants continue to test targeted Med Supp expansions, especially in underpenetrated states.

Consumer Sentiment: Clients increasingly cite provider access and predictable costs as primary decision drivers — a reversal from recent years where ancillary benefits dominated.

Product Evolution: High-Deductible Plan G continues to gain relevance as a cost-mitigation strategy, particularly when paired with supplemental indemnity products.

Distribution Implications: The agent's role in plan education and long-term client management remains central. The complexity of plan comparison continues to favor personalized, consultative selling.

Strategic Considerations

Agents should approach the 2026 market with a dual-channel mindset — maintaining a competitive MA portfolio while strengthening Med Supp expertise.

Recommended operational priorities include:

- **Portfolio Alignment:** Review carrier contracts for rate competitiveness and underwriting flexibility across primary states of operation.
- **Client Retention Analysis:** Use CRM or book-of-business tools to identify high-risk MA members likely to experience plan disruption or cost increases.

- **Training and Positioning:** Refresh client-facing language to emphasize long-term stability, freedom of provider choice, and total cost transparency.
- **Market Monitoring:** Track carrier rate filings and AEP announcements to anticipate localized opportunities.

Concluding Assessment

The 2026 Medicare market represents a recalibration rather than a contraction. As CMS moderates MA plan proliferation and redefines benefit parameters, the structural advantages of Medicare Supplement coverage are once again being recognized.

While MA will remain a dominant channel, Medigap's resilience, predictability, and persistency position it as an essential component of a balanced Medicare strategy.

For insurance professionals, this is a period to reinforce diversification, refine client engagement processes, and prepare for a market in which stability is the differentiator.

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