

Legal Update

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CMS Releases Cost-sharing Limits for 2026 Plan Years

On Oct. 8, 2024, the Centers for Medicare and Medicaid Services (CMS) [released](#) the maximum limits on cost sharing for 2026 under the Affordable Care Act (ACA). For 2026, the maximum annual limitation on cost sharing is \$10,150 for self-only coverage and \$20,300 for family coverage. This represents an approximately 10.3% increase from the 2025 limits of \$9,200 for self-only coverage and \$18,400 for family coverage.

Out-of-Pocket Maximum

The ACA requires most health plans to comply with annual limits on total enrollee cost sharing for essential health benefits (EHBs). These cost-sharing limits are commonly referred to as an out-of-pocket maximum. Once the out-of-pocket maximum is reached for the year, the enrollee cannot be responsible for additional cost sharing for EHBs for the remainder of the year.

Under the ACA, EHBs must reflect the scope of benefits covered by a typical employer plan and must include items and services in ten general categories, including emergency services, hospitalization, prescription drugs, pediatric services, outpatient care and maternity and newborn care.

CMS annually adjusts the ACA's out-of-pocket maximum for inflation and publishes the limits by January of the year preceding the applicable benefit year. The ACA's cost-sharing limits apply to all non-grandfathered health plans, including self-insured health plans, level-funded health plans and fully insured health plans of any size.

Any out-of-pocket expenses required by or on behalf of an enrollee with respect to EHBs must count toward the cost-sharing limit. This includes deductibles, copayments, coinsurance and similar charges but excludes premiums and spending for noncovered services. Health plans that use provider networks are not required to count an enrollee's expenses for out-of-network benefits toward the cost-sharing limit. Also, the ACA requires health plans to apply an embedded out-of-pocket limit for everyone enrolled in coverage. Each enrollee must have an individual out-of-pocket limit on EHBs that is not higher than the ACA's out-of-pocket maximum for self-only coverage.

Limits for 2025 and 2026

For plan years beginning in 2025, the out-of-pocket maximum is \$9,200 for self-only coverage and \$18,400 for family coverage. For plan years beginning in 2026, the limits are \$10,150 and \$20,300, respectively. Employers should review the plan designs each year to ensure they comply with the ACA's cost-sharing limits.



HIGHLIGHTS

- The ACA requires health plans to place annual limits on enrollees' out-of-pocket spending for EHB.
- This ACA requirement applies to all non-grandfathered health plans.
- CMS annually adjusts the ACA's cost-sharing limits for inflation.
- CMS announced the cost-sharing limits for plan years beginning in 2026 on Oct. 8, 2024.