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S&P Health Care Credit Beat: 2027 Medicare Advantage Rates: Insurers And Acute Providers Navigate A Modest Increase Amid Rising Costs

Key Takeaways

- On April 6, 2026, the Centers for Medicare & Medicaid Services (CMS) released its 2027 Medicare Advantage (MA) Rate Announcement, finalizing the payment structures and policies that will result in an averaged expected revenue increase of 2.48% for insurers.
- This final rate is higher than the 0.09% initially proposed in the Advance Notice.
- While we think the improved final rate will lift some margin pressure originally feared by insurers in 2027, we remain cautious on the margin recovery as there may still be a gap between the rate increase and high medical cost trend.
- Providers' operating margin may also be constrained as insurers attempt to transfer their financial pressures related to MA rates onto provider reimbursement.

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