



The Impact of Higher Health Insurance Premiums

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For a brief time, health insurance costs were all over the news, due to the expiration of federal subsidies that helped millions of people who were not wealthy afford their Affordable Care Act medical insurance, and to cuts in Medicaid funding signed into law in July 2025.

The dropped subsidies had a downstream impact on insurance rates. Insurance companies, in their calculations of the next year's premiums, had to decide how many claims will be filed per covered individual, and how expensive they will be. (Profit margins are important.) Without the subsidies, they assumed (correctly, as it turned out) that many currently healthy individuals would drop out of the pool, which means the remaining policyholders would be more likely to have expensive medical conditions that they could not afford to insure.

The result: higher premiums, causing more families to decide to drop coverage, creating a spiraling impact that is still being evaluated by economists.

The dropped subsidies will save the government money in the short term, but they will almost certainly trigger a number of longer-term economic issues. The Kaiser Family Foundation estimates that 20% of families in a given year will experience a major illness or medical expenditure, and of course a higher percentage of them will no longer be able to rely on insurance to pay for it. Already, medical debt is the leading cause of personal bankruptcy in the U.S.—an estimated 60% are tied to unpaid medical bills. That percentage could rise, as would the number of bankruptcies overall.

This is not to mention the fact that people with high levels of medical debt are less likely to afford nutritious food or mental health care, or that pregnant women will receive less prenatal care, or care for their babies. The impact there: potentially a measurably less healthy population going forward. Already, American life expectancy is 4.1 years, on average, shorter than other developed nations, and the discrepancy has been growing since the early 1980s. Based on recent events, that unfortunate trend will probably continue.

Sources:

<https://publichealth.jhu.edu/2026/navigating-an-unaffordable-health-insurance-market>

<https://publichealth.jhu.edu/2024/new-report-life-expectancy-years-shorter-in-the-united-states-compared-to-the-united-kingdom>

<https://www.healthsystemtracker.org/chart-collection/u-s-life-expectancy-compare-countries/>

If you have any questions about this article or want to discuss your family finances, investment portfolio, or financial planning advice, please call on me anytime at my number [\(215\) 325-1595](tel:2153251595) or you can [click here to schedule a meeting](#).

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