

Benefits Insights

Cost-sharing Decisions for 2027 Open Enrollment Season



Health benefit costs are rising at a pace most benefits leaders have not seen in over a decade, and organizations are running out of ways to absorb the increase without changing how much employees pay. Mercer's 2026 National Survey of Employer-Sponsored Health Plans found health benefit costs are projected to rise 6.7% in 2027, the largest single-year jump in 15 years, pushing the average cost per employee above \$18,500. Employers are responding by looking harder at cost sharing, the portion of medical expenses employees pay directly through deductibles, copayments, coinsurance and out-of-pocket maximums (OOPMs), rather than through the premium alone.

This article outlines the pressure to shift costs, regulatory limits that apply to the 2027 plan year, common cost-sharing options and how organizations can weigh the trade-offs.

What Cost Sharing Covers

Cost sharing refers to the portion of covered healthcare costs an employee pays out of pocket, distinct from the premium paid to maintain coverage. It includes deductibles, the amount paid before a plan begins covering costs; copayments, a fixed dollar amount paid for a covered service and coinsurance, a percentage of the cost paid after the deductible is met. The Affordable Care Act (ACA) caps how much cost sharing a nongrandfathered plan can require for essential health benefits in a given year through an annual OOPM, after which the plan must cover the full cost of those benefits for the remainder of the year. This cap applies to self-insured, level-funded and fully insured plans of any size, though it does not apply to spending on services outside the essential health benefit categories.

The Trend Toward Shifting Costs to Employees

Employers have historically absorbed most premium growth themselves. According to the Bureau of Labor Statistics (BLS), employers paid 80% of the single-coverage premium in private industry as of March 2025, with employees covering the remaining 20%, a split that has held relatively steady at large organizations. That stability in the premium split is becoming harder to maintain. Mercer's 2026 survey found that 66% of employers with more than 500 employees said they are likely or very likely to raise premiums for the coming year, and about half said they plan to increase cost sharing through other means (e.g., higher deductibles and OOPMs).

The Kaiser Family Foundation's (KFF's) 2025 Employer Health Benefits Survey showed that this shift is already underway. The average deductible for single coverage among covered workers with a general annual deductible reached \$1,886 in 2025, a 17% increase over five years, and 34% of covered workers now carry a single-coverage deductible of \$2,000 or more. Workers at small firms face a disproportionate share of that burden, with an average single-coverage deductible of \$2,631 compared with \$1,670 at larger firms. Nearly three-quarters of covered workers have an OOPM above \$3,000 for single coverage, and one-quarter face an amount above \$6,000.

2027 Cost-sharing Limits for Health Plans

Federal limits define the maximum cost sharing a plan can require, though most employer plans set their actual cost-sharing levels well below that ceiling. The U.S. Department of Health and Human Services raised the ACA's OOPM for 2027 plan years to \$12,000 for self-only coverage and \$24,000 for family coverage, an increase of approximately 13.2% from the 2026 limits of \$10,600 and \$21,200. The pace of these increases has accelerated: the self-only limit rose from \$9,100 in 2023 to \$9,450 in 2024, dipped slightly to \$9,200 in 2025, then jumped to \$10,600 in 2026 and \$12,000 in 2027. High deductible health plans compatible with health savings accounts (HSAs) must comply with a lower ceiling of \$8,700 for self-only coverage and \$17,400 for family coverage in 2027.

These limits matter for open enrollment planning because they define how much room employers have to raise cost sharing, not how much they should use. A plan that raises its deductible or OOPM toward the federal limit without a clear rationale risks employee pushback in a way that a plan raising costs modestly, and explaining why, does not.

Common Cost-sharing Options

Organizations considering a shift generally have several options, each with varying levels of employee visibility and administrative lift. Consider the following changes:

- **Premium contribution percentage**—Raising the employee share of the premium is the most visible change and the one employees notice first, since it affects every paycheck rather than only when they use their coverage.
- **Deductible increases**—A higher deductible reduces employer exposure to routine claims but shifts the timing of that exposure to employees at the point of care, which can affect whether employees delay treatment.
- **Coinsurance adjustments**—Changing the percentage employees pay after the deductible spreads cost sharing across a wider range of claims rather than concentrating it early in the plan year.
- **OOPM increases**—Raising the OOPM primarily affects employees with high-cost claims, such as a serious diagnosis or a family with several conditions, making it a change that concentrates impact on a smaller, more vulnerable group of employees.
- **Tiered or narrow network design**—Rather than raising cost sharing across the board, some employers are steering employees toward lower-cost provider networks, preserving richer cost sharing for employees willing to use a smaller network.
- **HSA and flexible spending account support**—Employers can offset a cost-sharing increase with a seed contribution to an HSA, softening the impact without fully reversing the underlying cost shift.

Feasibility depends heavily on workforce composition. An organization with a large share of lower-wage employees has less room to raise cost sharing before it becomes a barrier to care, since a fixed dollar increase represents a larger share of income for those employees than for higher earners. Benchmarking against the BLS and KFF figures gives organizations a sense of where their current plan design sits relative to national norms before deciding whether to make changes.

Weighing the Trade-offs

Shifting cost sharing to employees offers a real, measurable change to an organization's overall healthcare spend. It reduces the employer's exposure to claims volatility, helps offset premium growth that would otherwise fall entirely on the employer's budget and potentially preserves the richest coverage for preventive and high-value care while asking employees to share more of the cost for elective or lower-value services.

The trade-offs are real as well. Higher deductibles and OOPMs are associated with delayed or forgone care, particularly among employees managing chronic conditions who reach their cost-sharing limits earlier in the year than healthier employees. A cost shift that lands hardest on the employees least able to absorb it can increase turnover, reduce productivity due to untreated health issues and generate the kind of employee-relations friction that outweighs the savings on paper. Because cost sharing is felt unevenly across a workforce, a change that looks modest in aggregate can be substantial for specific groups of employees, including those in lower-wage roles, those with dependents and those managing ongoing health conditions.

Employer Considerations for a Successful Shift During Open Enrollment

Organizations that have successfully shifted cost sharing tend to share a few common practices. They phase in the changes gradually rather than make a single large jump in one plan year, giving employees time to adjust their savings and spending habits. They pair a cost-sharing increase with a corresponding investment, such as an HSA contribution or expanded preventive coverage, so the change does not read as a pure cost shift. They preserve first-dollar coverage for preventive care and chronic disease management even as other cost sharing rises, protecting the services most likely to prevent costlier claims later. They also clearly communicate the reasoning behind the change during open enrollment, linking it to cost pressures, rather than leaving employees to interpret a benefits change without context.

Summary

The direction of cost-sharing decisions this open enrollment season is not in question. National survey data confirms that employers are shifting more costs to employees, and federal cost-sharing limits are rising to accommodate this shift. What remains a genuine decision for each organization is how much of that available room to use, which options to choose and how to protect the employees with the least ability to absorb a larger share of healthcare costs. Organizations that treat those questions with the same rigor they apply to plan design are better positioned to manage costs without eroding the value employees place on their benefits.

Contact us today for more plan design resources.

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