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New York's Small Group Market Has Big Problems

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Health insurance premiums are set to rise by 13 percent for small businesses — putting them on track to double by 2031

Read the full brief[a]

ALBANY, NY | *The Fiscal Policy Institute today released reporting by Bailey Hu, Health Policy Analyst, discussing sharp increases in health insurance premiums for New York's small businesses and making recommendations for containing the "death spiral."*

New numbers released by New York's Department of Financial Services[b] (DFS) show premiums will rise steeply for many small businesses in 2026. On average, premiums in the small group market, which covers companies with up to 100 employees, will go up by 13 percent. In addition, enrollment in the small group market continues to shrink at an unsustainable rate. These figures confirm FPI's warning[c] earlier this year that in some areas of the state New York's small group market may be facing a vicious cycle of rising premiums and dropping enrollment known as a "death spiral."

As the price of health coverage increases, businesses become more likely to exit the small group market in search of more affordable options. Since those who leave the market tend to be younger and healthier, the average cost of insuring those who remain rises, causing more businesses to leave. In 2020–2024, New York's small group market has been showing marked signs of distress: not only did the enrollment drop by 24 percent, premiums also soared in most regions of the state. As of March 2024, the average monthly premium for a gold-tier, single-coverage plan ranged above $1,200 in both NYC and Long Island. Both regions also saw high rates of premium growth between 2020 and 2024, outpaced only by Rochester's stunning 45 percent jump in premiums (20 percent after adjusting for inflation).

Unfortunately, DFS's latest rate increases indicate that these trends will likely continue. Oxford Health Insurance Inc., the largest insurer in NYC and Long Island's small group markets, has an approved rate increase of 11.8 percent for 2026, or more than twice its 2025 premium increase of 5.3 percent. Excellus, the largest insurer in Rochester's small group market, has an even higher rate increase of 15.0 percent for 2026, compared to 10.5 percent in 2025.

New York's individual marketplace — where people who don't receive insurance through employers can purchase their own coverage — seemed to fare better than the small group market, with a relatively low average rate increase of 7.1 percent for 2026. However, as Michael Kinnucan has previously reported[d], the individual market faces other threats under the One Big, Beautiful Bill Act that will restrict eligibility for immigrants and make coverage less affordable for the majority of enrollees.

To ensure the small group and individual marketplaces can provide affordable, high-quality insurance for all, policymakers should adopt a range of measures that can help stem enrollment losses as well as address high premiums. As we have previously shown[d], high health care prices, particularly for hospital care, have played a major role in premium growth in recent years. Only a comprehensive set of price regulations can help address the root cause of unaffordable health insurance premiums in the state.

Read the full brief[a]

Links

a https://fiscalpolicy.org/media/pages/policy-and-research/ny-small-group-market-has-big-problems/0bca108d55-1789771131/2025.09.09-ny-small-group-market-has-big-problems.pdf
b https://myportal.dfs.ny.gov/web/prior-approval/ind-and-sg-medical/summary-of-2026-requested-rate-actions
c https://fiscalpolicy.org/policy-and-research/troubling-trends-in-new-yorks-small-group-market
d https://fiscalpolicy.org/policy-and-research/new-yorks-individual-market-is-headed-for-disaster-under-the-obbba