

Obamacare premiums higher in rural areas, more costly than quoted in others

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Contractors hired to help implement the Obama administration's Affordable Care Act (ACA) appeared Thursday morning before the House Energy and Commerce Committee, as the fallout continued to spread over the disfunctionality of the HealthCare.gov web site, which launched October 1.

Representatives of CGI Group Inc. and UnitedHealth Group Inc., the main contractors involved, testified that "end-to-end testing" by a government agency had taken place less than two weeks before the launch. Cheryl Campbell, senior vice president of the CGI Federal unit, told the committee that the Obama administration served as the "systems integrator or quarterback on this project" and bears ultimate responsibility for the disastrous flaws.

People trying to access the site have faced hours-long waits, blank screens and failing drop-down menus. Most have found it impossible to register or enroll.

While citing high site traffic as one of the main reasons the system has been overwhelmed, the White House has yet to release figures on how many people have actually been able to enroll for coverage. In an effort at damage control, President Obama has initiated what he is calling a "tech surge" to fix HealthCare.gov.

A major problem at launch was the lack of a way for consumers to browse their plan options without first having to set up a user account. A temporary fix has been implemented, allowing people to view plan options before registering and enrolling for coverage. It is clear, however, that this new "shop and browse" feature has been deliberately designed to provide inaccurate estimates of what coverage will cost according to age, state and county of residence, and level of coverage.

The tool for gaining quotes allows people to choose between two broad age categories: "49 or under" and

"50 or older." All of the quotes for those choosing the 49-and-under option are based on what a 27-year-old would pay, while those in the 50-or-older group are based on what a 50-year-old would pay. This obviously leads to an underestimation of premiums for those who are in the older ranges of the two groups, for whom insurance will be substantially more expensive.

The consumer finance web site Valuepenguin.com has created a tool that allows people to enter their county and state, age, age of family members, and income to determine the cost of available plans according to the five levels of coverage: Catastrophic, Bronze, Silver, Gold, and Platinum. Results from searches on this site compared to those on HealthCare.gov are in many cases very different, often drastically so. (Subsidies, when applicable, are factored in.)

A single, 45-year-old living in Passaic County, New Jersey with an annual income of \$52,000 would pay a \$260 to \$360 monthly premium for a Silver plan, according to the HealthCare.gov tool. According to Valuepenguin, this same individual would pay \$358 to \$496 for a similar plan.

In Charlotte, North Carolina, a 48-year-old who is ineligible for subsidies would pay \$231 a month for a Silver plan, according to the government site. But the actual Blue Cross and Blue Shield plan offered, according to Valuepenguin, would cost \$360, more than 50 percent higher. The variance between the estimates for a 62-year-old Charlotte resident are even more shocking—\$394 according to HealthCare.gov compared to \$634 according to Valuepenguin.

Accessing the calculator on the government web site, the user is reminded on screen after screen: "IMPORTANT NOTE: The prices shown on this tool don't reflect the lower costs you may qualify for based

on household size and income.” Nowhere is it noted that the design of the tool may provide a substantial underestimation of what insurance coverage will actually cost.

This “fix” on the government site is the latest attempt on the part of the Obama administration to mask the reality that the insurance offered through the ACA is not nearly as affordable as claimed. In addition to premium costs that are in many cases unaffordable when considered as a percentage of household income, the least expensive options include high out-of-pocket costs while restricting the choice of providers.

This is especially true for people living in rural areas. According to a review by the *New York Times* based on information provided by the Department of Health and Human Services, of the roughly 2,500 counties served by the federal exchanges, 58 percent have plans offered by just one or two insurance carriers. In about 530 counties, only a single insurer is participating.

While Obama has promoted the illusion that competition between insurers on the exchange will work to keep prices down, the reality for millions of rural Americans is that they are at the mercy of just one or two giant private insurers that charge what they please.

The highest concentrations of counties with only one insurer are in the South. The *Times* cites the example of the state of Georgia, where in rural Baker County, with only one insurer, a 50-year old shopping for a Silver plan could pay \$644 a month before federal subsidies. In urban Atlanta, which is covered by four insurers on the exchange, a 50-year-old could pay \$320 for a similar plan.

According to the *Times*, nearly all counties in Mississippi and Alabama are served by just one carrier. Only one insurer—Anthem Blue Cross, owned by WellPoint—covers all of the state of New Hampshire. Other states covered by one or two carriers in most counties include Maine, West Virginia, North Carolina and Alaska.

In rural areas, the market-driven mechanisms that were touted as a brake on premiums are actually prompting many private insurers to steer clear of participation. A less dense pool of potential cash-paying customers and a scattered network of hospitals, doctors and other providers are unattractive to insurance companies intent on boosting their bottom

line. In rural areas where insurers have opted to participate in the federal exchanges, they are more often than not the only game in town and can bargain for reduced reimbursement rates to providers, while hiking premiums for consumers.



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