

# Cost of Obamacare coverage to rise in 2015

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One year into ACA enrollment, the legislation that was touted as the answer to providing near-universal, affordable health care for millions of Americans is being further exposed as a boondoggle for the private insurers.

Open enrollment for the second year of the Affordable Care Act (ACA) opened on Saturday and will last three months. On Friday, the Obama administration unveiled data showing the many people who bought health insurance under the ACA last year could face substantial increases this year—as much as 20 percent in some cases—unless they switch plans.

Under the legislation popularly known as Obamacare, individuals and families who are not insured through their employer or a government program such as Medicare or Medicaid must obtain insurance or pay a tax penalty. Private insurance companies selling policies on the ACA “marketplace” are in it to make a profit. There are about 25 percent more insurance companies and plans offered for insurance that take effect in 2015.

About 7 million people bought insurance last year on the federal and state insurance exchanges set up under Obamacare. The government’s new data shows that many of them will have to shop around and ultimately change to different health insurance plans if they want to avoid paying more for coverage.

This will force people to navigate the puzzling array of plans, which not only differ in price, but come with varying deductibles and maximum out-of-pocket costs as well as different government subsidies. Those who simply stay with their present plans run the risk of paying substantially higher premiums and out-of-pocket costs, or receiving reduced subsidies.

According to a *New York Times* analysis of data provided by the Centers for Medicare & Medicaid Services (CMS), people who simply stay in the plans that were the cheapest in 2014 face an average rate

increase of 9.7 percent for 2014. Those currently enrolled who consider switching plans not only face the inconvenience of changing hospitals and doctors, they may also find their current medications cost more or are not covered by the new plan’s drug formulary.

Using tools on HealthCare.gov, the exchange set up by the federal government to cover states that have not set up their own, the *World Socialist Web Site* compared plans for 2014 and 2015 for a 55-year-old individual in Wichita, Kansas, with an income of \$35,000. A bronze policy, the least expensive coverage, from Coventry Health Care of Kansas cost \$144 a month taking into account a \$113 a month subsidy in 2014. The same policy cost \$199 a month after a \$103 subsidy in 2015. Both policies came with a \$6,300 annual deductible that must be paid before insurance coverage kicks in for anything except routine exams and screenings.

People shopping for 2015 coverage will also find that the cheapest premium does not always guarantee the lowest overall cost. A 40-year-old in Nashville, Tennessee, who paid \$181 a month after subsidies for the least expensive silver (mid-level) plan in 2015 will pay \$220 a month next year for the same plan, with a \$2,000 deductible. This year’s least expensive silver plan carries a monthly premium of \$194, but the deductible doubles to \$4,000. A person with any serious illness or chronic disease could potentially shell out thousands of dollars in the course of a year. In the worst-case scenario, such individuals might forego needed medical care because they cannot afford the out-of-pocket costs.

Another problem facing consumers are changes to the cost of “benchmark” plans—the lowest-cost plans available in their area. Subsidies for similar level plans are pegged to the costs of these policies. If premium costs for these plans rise only marginally, as they are expected to do in most markets, someone purchasing a

higher cost (and possibly lower deductible) plan will only qualify for the “benchmark” level subsidies.

The data released by CMS indicates that prices in 2014 will rise by about 5 percent for the cheapest silver plans and 4 percent for the second cheapest. Not surprisingly, the *Times* analysis found that premiums are increasing much more sharply in states and localities where a small number of insurers are participating in the markets. Prices increase by at least 5 percent in 89 percent of counties where only one insurer was selling policies and more than a quarter of counties with one or two insurers saw rates rise by more than 10 percent.

The Internal Revenue Service defines high-deductible plans as those with deductibles of \$1,300 or more. As in 2014, many plans carry deductibles far exceeding this threshold. In Jeff Davis County, Texas, of the 17 plans available, all but four have deductibles of \$2,500 or more, and seven carry deductibles of \$5,000 or more. In Charleston, West Virginia, of the 14 plans offered—all by Highmark Blue Cross and Blue Shield—half have deductibles of \$2,500 or more, and one has a deductible of more than \$5,000.

The Obama administration projects that about 2 million additional people will sign up for coverage for Obamacare’s second year, which begins January 1. Fines will rise sharply in 2015 for those who are not insured, increasing from \$95 or 1 percent of income in 2014, whichever is greater, to \$325 or 2 percent of income in 2015.

The rising costs for consumers—and the accompanying confusion as they shop for plans—are one more indication that Obamacare is beholden to the health care industry and its profit margin and is making the delivery of medical care in the US ever more socially unequal.



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