Insurance companies apply for rate hikes for Obamacare plans

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Insurance companies are requesting substantial rate hikes for plans offered through insurance exchanges under the Affordable Care Act (ACA), commonly known as Obamacare, according to reports that have appeared in pro-Republican newspapers over the past week. In many states, the hikes requested run as high as 30 to 50 percent.

There is some element of political theater involved in the reporting. The Republican-aligned newspapers at the center of the reporting, chief among them the *Wall Street Journal*, have attempted for years to discredit the ACA from the *right*, predicting skyrocketing premium increases as a result of government meddling in health insurance. Similar stories were published by these sources last year when insurance companies also requested permission from state authorities for large rate increases.

However, the eye-popping figures turned out, as the newspapers were no doubt aware, to be the opening salvo in negotiations with state authorities, and the actual rate hikes turned out to be much lower. For example, CareFirst, the largest insurance provider in the state of Maryland, initially requested rate hikes for plans offered in the state insurance marketplace of between 23 and 30 percent, before settling for increases of “only” 9.8 to 16.2 percent. In the end, substantial rate hikes for marketplace plans in some states were canceled out by rate decreases in others, resulting in a zero percent rate increase nationwide.

However, there are indications that this year’s round of negotiations may turn out differently. To begin with, insurance providers are asking for far larger increases on average than last year. The rate hike requests top out in New Mexico, where Health Care Services Corporation has asked state regulators for an incredible 51.6 percent increase. While this is the highest request reported, it is not an aberration: in South Dakota, there is a request for a 42.9 percent increase from Wellmark; in Tennessee, 36.3 percent from BlueCross BlueShield; and once again in Maryland, a request for an average of 30.4 percent, with a range of 19.3 to 45.7 percent from CareFirst.

Secondly, and perhaps more significantly for the ACA, insurers are justifying these hikes by pointing to the fact that the pool of new enrollees is significantly older and less healthy than they had anticipated. For example, CareFirst, in its filings with the Maryland Insurance Administration, said that claims per person for one plan with 38,000 members doubled between 2013 and 2014 due to a “very significant increase in average morbidity” since the beginning of the insurance exchanges at the end of 2013.

Claims that the ACA would result in reduced rates hinged on the idea that a flood of younger and healthier enrollees, forced under threat of fines by the reactionary “individual mandate” to purchase health care through the state insurance exchanges established by the law, would act to push health care prices for the population as a whole downward. The claims by the insurance companies that this has not happened have ominous indications for the health of the law.

“This year, health plans have a full year of claims data to understand the health needs of the [insurance] exchange population, and these enrollees are generally older and often managing multiple chronic conditions,” Clare Krusing, a spokeswoman for the insurance industry advocacy group America’s Health Insurance Plans told the *Wall Street Journal*. BlueCross BlueShield of Tennessee, for its part, told the *Journal* that it had lost $141 million on its insurance exchange plans due to an unexpected number of sick enrollees. Tennessee Insurance Commissioner Julie Mix McPeak, while declaring that she would be "surprised if we settled on 36.3 percent," nevertheless indicated that a substantial increase could still be allowed.

Even Obamacare's backers are forced to concede that rates have continued to rise since the passage of the law in 2010, albeit at a somewhat lower rate than during the immediately previous years. Although the average nationwide rate did not increase at all last year, according to a report by the Commonwealth Fund, premiums for single coverage plans still increased by 4.1 percent annually, and deductibles by 7.5 percent, between 2010 and 2013, compared to 5.1 and 10.2 percent, respectively, between 2003 and 2010, a negligible decrease that still claims a growing portion of workers' incomes. Many Americans—including fully half of the city of Detroit—are so destitute that they cannot afford even the bare-bones coverage offered on the Obamacare insurance exchanges.

Moreover, a key feature of the health care landscape since the passage of the ACA has been the attacks on employer-sponsored health care plans and moves to dump workers onto Obamacare insurance exchanges, where they are forced to buy substandard coverage with limited health care networks. This process will rapidly accelerate in 2018, when the 40 percent tax on so-called "Cadillac" plans kicks in.

This is a conscious goal of the legislation's authors. Ezekiel Emanuel, one of the chief architects of the ACA and brother of former White House chief of staff Rahm Emanuel, wrote in his recent book *Reinventing American Healthcare* that, thanks to the law, "By 2025 few private-sector employers will still be providing health insurance." He has also penned insidious pieces in the national media calling on workers to forgo health care after age 75 and to stop scheduling annual physicals, so as to avoid needlessly siphoning off resources that could go into the pockets of the financial elite.

Even the meager financial assistance, in the form of insurance exchange vouchers, available to Obamacare enrollees, is under attack in the form of the ongoing lawsuit *King v Burwell*, which is currently being considered by the Supreme Court. If the court decides to strike down the vouchers on a technicality (the case hinges on the interpretation of a four-word phrase in the 900-page law), it could wreak havoc on the entire system of insurance exchanges as millions find themselves suddenly unable to afford coverage. Anxiety over the pending court case is likely a consideration in the insurance companies' requests for rate hikes.

Medicaid, the federal health care program for the most impoverished sections of the population, is also under sustained attack. Shortly after the ACA was passed, many states elected to opt out of small increases in Medicaid funding attached to the ACA as a fig-leaf. The so-called fee bump has since expired last year, likely having the effect of "nearly cutting in half current fee-for-service Medicaid reimbursement for many of the primary care services provided by eligible physicians," according to one study. Also last year, the Obama administration approved a Pennsylvania plan to privatize Medicaid and eliminate it as an entitlement,

Medicare was also the subject of a sweeping attack in a bill passed this April, with almost no public debate, but with overwhelming bipartisan support (92-8 in the Senate, including all Senate Democrats and "socialist" Bernie Sanders). The law replaces the old "fee for service" funding schedule, established in 1997, with a new system that incentivizes doctors to deny expensive care and tests to patients, under the Orwellian justification of "quality over quantity."

The five years since the passage of the ACA have exploded the claims that the law constituted the most progressive health care legislation in generations. Whatever the ultimate result of this year's rate negotiations, the episode proves that now, as before, the access of millions of Americans to a basic human necessity, health care, is completely subordinated to the profit margin of private corporations.