Obamacare health insurers seek double-digit rate hikes for 2016

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A recent poll found that people enrolled for health insurance through the Affordable Care Act (ACA) exchanges are more dissatisfied than any other group of insured Americans, mainly due to cost. A new study now reveals that enrollees insured under what is popularly known as Obamacare have even more reason to be dissatisfied.

The study released last week by AgileHealthInsurance shows that premiums for plans sold on the ACA federal exchange HealthCare.gov are expected to increase substantially in 2016, with many insurers requesting double-digit rate hikes. A statewide analysis showed that in three states—Delaware, South Dakota and West Virginia—insurers are seeking double-digit increases for 100 percent of Obamacare plans.

Under the ACA, signed into law by President Obama in 2010, people without insurance through their employer or a government program such as Medicare or Medicaid must obtain insurance or pay a tax penalty. The health insurance exchanges set up under the ACA offer insurance for sale from private, for-profit insurers.

For 2015, the penalty for not adhering to the Obamacare "individual mandate" rises to 2 percent of household income above $10,150, or $325 percent per adult and $162.50 per child, whichever is higher.

It should be noted that AgileHealthInsurance has not compiled its data in an effort to push back against the proposed rate hikes, but to peddle their own insurance products. The company is a leader in the sale of Term (or Short-Term) Health Insurance, temporary insurance sold for periods of less than a year, which can be purchased outside of the Obamacare open enrollment period.

The company's Advantage plans come with deductibles as high as $7,500, with the policyholder responsible for as much as 50 percent of subsequent "eligible medical expenses." A 61-year-old male in California could pay $507 per month for a plan with a $7,500 deductible and 20 percent coinsurance.

Since term coverage is generally bought to cover catastrophic medical events, and does not have to offer the essential services mandated by the ACA, purchasing such a policy does not qualify as obtaining health coverage, and an individual or family can still be slapped with the Obamacare penalty for not obtaining coverage.

The AgileHealth data shows that 31 percent of all plans on the federal ACA exchange had double-digit rate hikes proposed for 2016. Fourteen percent of Obamacare plans have proposed rate hikes of at least 20 percent, while 7 percent have proposed hikes of at least 30 percent. The study did not cover the 12 states plus the District of Columbia that run their own exchanges.

The largest insurers are making the biggest premium hike requests for 2016. For example, Blue Cross and Blue Shield of North Carolina proposed an overall rate hike of 26 percent in June, and then two months later raised the increase request to 35 percent.

Rate hikes must be approved by insurance regulators. But if past practices are any indication of future action, the insurers have little to worry about. State regulators have generally approved the rate hike requests, either accepting them, marginally reducing them or in some cases approving increases in excess of the insurance companies' requests.

In Oregon, for example, Health Net requested rate increases averaging 9 percent and was granted hikes averaging 34.8 percent. Another insurer in the state, Health Co-op, requested a 5.3 percent increase and the state approved a 19.9 percent hike.

In four states, insurance companies were requesting

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premium rate hikes in excess of 50 percent for one of their products. Alabama had the product with the largest proposed rate hike: 71 percent. This was followed by New Mexico, 65 percent; Pennsylvania, 58 percent; and New Hampshire, 51 percent.

A study published last month on Jots.pub showed that from 2014 to 2015 the largest insurance companies in each of the states covered by HealthCare.gov had a 75 percent higher premium increase compared to other same-state insurers. The largest insurers hiked rates on average by 23.9 percent, while the other insurers raised rates by an average of 13.7 percent.

Authors Eugene Wang and Grace Gee write: “Our findings suggest that even after the Affordable Care Act, the largest on-exchange issuers [insurance companies] may be in a better position to practice anti-competitive pricing compared to their same-state counterparts.” In other words, the ACA has emboldened the largest insurers to utilize their near-monopoly of the insurance market to raise premiums to unheard of levels.

Both of the recent studies on insurance rate hikes are further demonstration that the Affordable Care Act has been crafted in the interests of the insurance companies to boost their profits. They expose the reality that that Obama’s signature legislation is aimed not at expanding the availability of affordable, quality health care for ordinary Americans, but at enriching the giant insurers while cutting costs for corporations and the government.

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