Insurers set to sharply increase Obamacare premiums

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26 April 2016

US health insurance companies are preparing to seek substantial increases in Obamacare premiums, the *Hill* reported Monday. Citing big losses on the Affordable Care Act marketplaces, many insurers will ask state insurance commissioners to approve double-digit hikes in ACA premiums and some may pull out of the market if they are not approved.

The planned premium hikes are a further exposure of the pro-corporate character of Barack Obama's signature domestic legislation. Both candidates vying for the Democratic presidential nomination, Hillary Clinton and Bernie Sanders, have embraced the ACA as a supposedly progressive health care reform.

In reality, the ACA is designed to funnel increased profits to the private insurance companies. Under the law's "individual mandate," those without insurance through a government program or employer must obtain coverage offered by private insurers or pay a penalty. The insurers are demanding a hefty profit as the condition for their participation in the ACA marketplaces.

Many insurers say they have been losing money on Obamacare plans, in part due to setting their premiums too low when they started in 2014. "There are absolutely some carriers that are going to have to come in with some pretty significant price hikes to make up for the underpricing that they did before," Sabrina Corlette of Georgetown University's Center on Health Insurance Reforms told the *Hill*.

Qualified Health Plans (QHPs) under Obamacare must offer coverage regardless of any person's preexisting health conditions, but are restricted from charging higher premiums based on health status and age. As a result, QHPs are more attractive to older, less healthy people and less attractive to younger, healthier people. With fewer young and healthy people enrolling in the ACA plans, the pool of clients is more costly to insure.

A study released Friday by the Mercatus Center at George Mason University found that insurance company losses from QHPs on the individual market were in excess of $2.2 billion. These losses came despite insurers receiving net reinsurance payments of $6.7 billion from the ACA's reinsurance program, a program set up under the law to compensate insurers for large claims incurred by "high-risk individuals in the individual market." That program is set to expire at the end of 2016.

A report from McKinsey & Company found that in the individual insurance market, which includes the ACA marketplaces, insurers were profitable in only nine states and lost money in 41. Larry Levitt, an expert on the ACA at the Kaiser Family Foundation, told the *Hill*, "Either insurers will drop out or insurers will raise premiums."

Insurance analysts have warned that if more young, healthy people do not sign up for Obamacare coverage, the individual marketplace may collapse, with insurers pulling out in droves and sending the market into what is known in the insurance industry as a "death spiral."

UnitedHealthcare, the largest single health carrier in the US, said in November that it was considering leaving Obamacare by 2017 due to financial losses. UnitedHealthcare's definition of "losses" was the possibility of not seeing the same $1.6 billion in profits that it pocketed in the third quarter of 2015. Last week, the company announced it was dropping its ACA plans in Arkansas and Georgia and that more states could follow.

Blue Cross Blue Shield dropped its ACA plans in New Mexico last year after it lost money and state regulators rejected a proposed 51.6 percent premium increase. Blue Cross Blue Shield of North Carolina now says it may drop out of the ACA marketplace in that state due to losses.

News of the planned premium hikes follows a poll earlier this year showing widespread public dissatisfaction with the Affordable Care Act. Polling by National Public Radio and the Robert Wood Johnson Foundation found that more than a quarter of US adults say they have been personally harmed by the health care law since its passage.

Twenty-six percent of the poll's 1,002 respondents said that the cost of health care has been a serious strain on their finances over the last two years. About 40 percent of those facing these financial struggles said they have spent all or most of their savings accounts on large bills, while 20 percent said they hadn't filled prescriptions because they could not afford them.

Insurers seeking the premium hikes claim that the blow will be softened by the tax credit available to some low-income individuals and families who qualify under Obamacare. However, about 15 percent of Obamacare enrollees do not receive these subsidies, so they would bear the full burden of any premium increases.

Even with the subsidies, the overwhelming majority of the least expensive "bronze" Obamacare plans come with deductibles in excess of $5,000. This means that payment for all but certain "essential" services must be made out of pocket before any coverage kicks in. These costs are forcing many people to self-ration and go without needed medical care for themselves and family members.

Many of the bronze plans also offer extremely narrow networks, restricting access to doctors, hospitals and other providers. In an effort to boost their profits, insurers are expected to further restrict their provider networks in addition to raising premiums. The Mercatus Center study cited above found that QHPs in 2014 with narrow provider networks performed better financially than those with broader networks.