

Michigan Obamacare insurers request 17 percent premium hikes

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3 August 2016

Health care plans sold on the Michigan insurance exchange set up under the Affordable Care Act (ACA) could see double-digit premium increases next year. Insurers selling private plans for the program commonly known as Obamacare are asking state regulators to approve premium hikes averaging 17.3 percent.

The requests of Michigan insurers for double-digit rate increases confirm the projections of a Kaiser Family Foundation report in June that ACA insurers in about one third of all major metropolitan areas would be seeking premium hikes of an average of 10 percent on the most popular Obamacare plans.

A sampling of the requested 2017 rate increases in Michigan provided by the *Detroit Free Press* includes:

- Blue Care Network of Michigan—14.8 percent average rate increase
- Blue Cross Blue Shield—18.8 percent
- Priority Health—13.9 percent
- Humana—39.2 percent

The new rates would raise the cost of an average mid-range “silver” plan to \$477 a month for a 50-year-old male nonsmoker.

While state regulators must approve these premium increases, in the past they have approved the insurance companies’ requests for hikes with very few changes, if at all.

Currently, 345,000 Michiganders buy their health insurance on the Healthcare.gov exchange created under the ACA. Under the “individual mandate” of the ACA, signed into law in 2010 by Barack Obama, all those without insurance either from their employer or through a government program such as Medicare or Medicaid must obtain private insurance through either Obamacare or a private carrier, or pay a tax penalty.

Low-income households receive modest subsidies to offset the cost of their ACA premiums. However, most of the least expensive plans come with deductibles in excess

of \$5,000. This means that services for all but the “essential” services designated by the law must be paid out of pocket before any coverage kicks in.

According to Healthcare.gov, this “individual shared responsibility payment” is calculated two ways—as a percentage of household income, or as a set amount per person/family—*whichever is higher*. The penalty is either 2.5 percent of household income (but not more than the total yearly premium of an average “bronze” plan, the least expensive); or \$695.00 per adult and \$347.50 per child under 18 (maximum \$2,085).

According to the per-person calculation, a household with an income of \$50,000 could potentially pay a penalty of as high as \$1,250. Those who qualify for a “hardship” exemption from the “individual mandate” are not required to pay the penalty, but they remain uninsured, facing the prospect of incurring debilitating medical bills or going without needed health care.

Included among those in Michigan who will feel the financial impact of the rate hikes are Detroit city worker retirees who have been dumped off their city medical coverage and who are not old enough to qualify for Medicare, the government-run social health insurance program for the elderly and disabled.

Others feeling the impact of the increases will be the unemployed and their families, the long-term unemployed, and those workers whose employers have stopped sponsoring insurance for their employees, or for workers’ spouses or families.

Under Obamacare, insurers cannot exclude individuals or families from enrolling on the basis of preexisting health conditions. They must also provide a certain set of “essential services” that are not subject to co-payments and deductibles. But as the entire ACA operation is based on the for-profit health care system, insurers are balking at any encroachment on their profits.

If the insurance giants’ profits are threatened, they

demand increased premiums. If they do not feel they are bringing in significant profits, they stop offering their plans altogether on the ACA marketplaces.

Last month, UnitedHealth, the largest US health insurer, announced that it is drastically cutting its public exchange offerings from 31 states to only 3, potentially affecting tens of thousands in the 28 states being dropped by the company. This drastic reduction in coverage comes despite the insurer's revenues rising by 28 percent in the second quarter of 2016, to \$46.5 billion, and profits jumping 13 percent, to nearly \$3.4 billion.

While insurers currently operating in the Michigan ACA marketplace claim that they must hike their rates, no mention is made of the profits insurers are making off the expansion of the Medicaid program under Obamacare.

Medicaid HMOs (health maintenance organizations) in Michigan have significantly increased profitability in the past two years under Obamacare. According to an analysis by *Crain's Business Detroit*, the state expanded the ranks of Medicaid enrollees by more than 619,000 and gave additional funding to support the newly insured population.

Medicaid HMOs, according to *Crain's*, increased their profits by 627 percent under their Medicaid business, rising to \$298 million, or a 3.9 percent margin, for 14 plans in 2015 from \$41 million, or 0.9 percent margin, in 2013.

The proposed premium hikes requested by the private insurers for Obamacare plans are yet one more demonstration of the retrograde character of the Affordable Care Act. Claims made by President Obama at the law's inception—that it would provide high-quality, near-universal insurance coverage—have been continually exposed as lies.

The true aim of Obamacare is to increase the profits of the private insurers and to force people to self-ration medical care for themselves and their families. This is already leading to reduced medical care, resulting in needless suffering and deaths.



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