Aetna pullout highlights pro-corporate, anti-working class character of Obamacare

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Health insurer Aetna, Inc. announced Monday that it will stop selling individual plans on the exchanges set up under the Affordable Care Act (ACA) in 69 percent of US counties and 11 of the 15 states where it has been participating. The move will affect nearly 1 million people across the US, who will have to look for new coverage for 2017.

The Hartford, Connecticut-based company cites mounting losses on the marketplaces of the program commonly known as Obamacare as the reason for the exit, saying it lost $430 million on the Obamacare plans in the first half of 2016.

Aetna, the number three US insurer, is the third major company to drastically reduce its involvement in the ACA exchanges. Earlier this year, insurers UnitedHealth Group Inc. and Humana announced they were leaving many of the state exchanges after posting what they claimed were hundreds of millions of dollars in losses.

The near-exit of these insurers from the ACA is further confirmation of the predatory, pro-corporate character of the entire Obamacare scheme. Even as they are pulling out of the exchanges, they are asking for and receiving gargantuan premium hikes on those policies that remain.

The situation, which potentially spells the collapse of the entire edifice of private, for-profit health insurance policies underwritten by Obamacare, underscores the fact that the program was conceived and implemented not for the purpose of ending the social obscenity of tens of millions going without health coverage in the United States—millions remain without any coverage under Obama's program—but as a means of slashing costs and boosting profits for health insurers and providers by reducing benefits and rationing care for working people.

The entire program was drawn up by and for the insurers and corporate America as a whole. It places no serious obligations or controls on the profit-bloated insurance giants. There are no federal controls on the profits they make, the premiums they charge or the out-of-pocket costs they impose on policyholders. Whether or not they participate at all is entirely up to them, determined, like all other business decisions, on profit considerations.

On the other hand, ordinary people who are not in government programs such as Medicare or covered by employer-sponsored insurance plans are required to buy plans offered by private companies on Obamacare exchanges. If they fail to do so, they must pay a hefty fine.

The pullback by major companies means that the plans people are required to buy will be even more expensive, with even fewer benefits and even more restrictions on access to doctors, hospitals, tests and drugs. In practice, workers will be forced to buy barebones plans and then self-ration care for themselves and their families.

The Aetna announcement follows decisions by the Justice Department opposing two proposed insurance mergers—between Aetna and Humana, and between Anthem and Cigna. Anthem has indicated that if its merger deal with Cigna is allowed to proceed, it will increase its exchange offerings to nine additional states.

The blocked merger with Humana may very well be a factor in Aetna's announcement of a large-scale pullout from Obamacare. The insurance giant may view the threat of such a move as a way to exert pressure on the Justice Department in regard to its planned merger.

According to a company statement released Monday, the markets Aetna will vacate include Florida, North Carolina and Pennsylvania. It will continue to sell plans on exchanges only in Delaware, Iowa, Nebraska and Virginia. The move will affect about 70 percent of Aetna customers in individual ACA plans when the open enrollment period begins November 1 for 2017, the fourth full year of the law's operation.

Aetna said it will sell individual ACA insurance policies in only 242 counties in the four states, compared to 778 counties in 15 states where the company sold Obamacare plans this year. Aetna currently covers some 900,000 people through the ACA exchanges.

Aetna Chairman and CEO Mark Bertolini said there were not enough healthy people purchasing policies on the exchanges to financially offset those with major health problems who require high-cost care.

Under the ACA, insurers are not allowed to discriminate against people with previously existing conditions by charging them more or denying them coverage. But there is no provision that requires insurance companies to participate in the ACA.

While Aetna and other insurance companies claim

unacceptable losses on Obamacare, they are posting huge profits overall. For all of 2015, Aetna reported net income of $2.9 billion, up 17.1 percent from 2014. Revenue for the year jumped 4 percent to more than $60 billion.

Aetna reported $726.6 million in net income for the first quarter of 2016 and $790.8 million for the second quarter. The company insured about 23 million people across all insurance sectors in 2015.

Aetna CEO Bertolini received $27.9 million in compensation in 2015, comprised of $24.8 million from stock that vested last year, $1,034,483 in salary, $1.84 million in cash bonuses, and $271,908 in perks, including the use of corporate aircraft.

The news that major players in the US insurance industry are exiting ACA marketplaces comes as insurers are requesting double-digit hikes in their premiums for Obamacare plans. Last Friday, New York authorities finalized a 16.6 percent average premium increase for the individual insurance market in the state. The insurance companies had requested a 19.3 percent hike.

While 16.6 percent was the average, premium increases granted for some New York insurers were far higher: 29.2 percent for Metro Plus and North Shore, 29 percent for UnitedHealthcare of New York, and 89 percent for Crystal Run.

Geisinger Health System in Pennsylvania is requesting a 40 percent rate increase in its insurance sector. In California, the state is reporting a final average rate increase of 13.2 percent, compared to a 4.2 percent hike in 2015 and 4 percent in 2016.

In Arizona, the two largest insurers in the state, Blue Cross Blue Shield (BCBS) of Arizona and Phoenix Health Plans, are requesting premium hikes of 64.9 percent and 60 percent respectively. BCBS of Tennessee, which enrolled nearly three-quarters of the state's ACA members in 2016, is requesting a 62 percent premium increase for 2017.

Those shopping for ACA coverage in states where there is little competition on the exchanges will be even worse off, a situation that will undoubtedly be exacerbated by the pullout of Aetna, United Health and Humana from the exchanges. The Kaiser Family Foundation estimates that as many as 664 of 3,007 US counties may be served by only a single insurer in 2017, up from 225 in 2016. Many of these counties are in rural areas.

The sticker shock is going to impose increased financial hardship on the approximately 11 million current Obamacare enrollees and those who may look to enroll for 2017. Many of the least expensive "bronze" plans already come with deductibles in excess of $5,000, which must be paid before any coverage, aside from that deemed "essential" services, kicks in.

In an effort to further cut costs, the private insurers have already been narrowing the networks of doctors, hospitals and other providers across all levels of Obamacare plans. They are also increasingly restricting the prescription drugs offered, randomly cutting off access to life-saving drugs for cancer and other serious health conditions.

According to the Department of Health and Human Services, about 45 percent of eligible people who purchase Obamacare plans have incomes between 151 and 200 percent of the absurdly low official poverty line. Only about half of people under age 65 who do not have employer-sponsored coverage qualify for a subsidy.

While government subsidies are available to low-income people, these subsidies are cut off at 400 percent of the poverty level, or about $47,520 for an individual and $97,200 for a family of four, hardly a measure of wealth under conditions of soaring costs for food, housing, energy and other basic essentials.

These working class and middle-income households are either not purchasing plans or purchasing the cheapest plans, which are less lucrative for the insurers. Many young people gamble on not purchasing coverage in the hope that they will not suffer a medical catastrophe in the coming year and their health costs will not outpace the hundreds of dollars in fines they are obliged to pay for not buying insurance. Others who receive a hardship exemption due to poverty dodge the penalty, only to have the "privilege" of remaining uninsured.

The inability of large numbers of people to pay the exorbitant premiums demanded by the insurers is a barometer of the social crisis in America and the growing chasm between the rich and poor. It is an exposure of the Obama administration's assault on all of the basic social rights of the working class—to decent-paying jobs, housing, education, health care. While the Democrats and Republicans squander trillions on the US military and its criminal exploits abroad, they wage social war against the working class at home.

The Affordable Care Act has nothing in common with near-universal, quality health care, as Barack Obama promised at the law's inception. The fraud of Obamacare shows the need to put an end to privately owned insurers, hospital and health care chains and pharmaceutical companies and establish socialized medicine under a workers government.