Obamacare open enrollment: Consumers face premium hikes, narrowing networks

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14 October 2016

The fourth annual open enrollment period for the Affordable Care Act (ACA) begins November 1, a week before Election Day, and runs through January 31. Health policy analysts are predicting that the great majority of consumers will face premium hikes, higher out-of-pocket costs, and narrowing networks as they shop for new insurance coverage.

These price increases and narrowing choices of doctors and hospitals are becoming the norm for those purchasing coverage on the exchanges operated by what is commonly known as Obamacare, as well as for those buying coverage in the individual insurance market.

Driving these changes are the for-profit corporations that control and dominate the American health care industry. Private companies selling health insurance—whose purported purpose is to provide families with insurance coverage to offset the costs of needed medical care, drugs, etc.—are not altruistically motivated to protect consumers against steadily rising health care costs, but to extract the greatest profit possible.

Signed into law in 2010, the ACA mandates that all those without insurance through their employer or a government-run program such as Medicare or Medicaid purchase insurance or pay a tax penalty. The exchanges set up under Obamacare offer plans for sale by private insurance companies, and they operate at the mercy of the multibillion-dollar insurance industry.

Modest subsidies are provided for those who earn up to 400 percent of the federal poverty level—$47,520 for an individual. The most generous subsidies are reserved for those with incomes less than two and a half times the poverty level, or less than $29,700 for an individual. More than 80 percent of those with incomes below 150 percent of the poverty level have taken advantage of the subsidies and signed up for Obamacare.

However, of those potential ACA customers with incomes three to four times the poverty level ($35,640 to $47,520 for an individual), only a meager 17 percent have signed up for Obamacare. This section of the population is both gambling on going without insurance and faces a tax penalty. The annual penalty for not having insurance in 2016 is $695 per adult and $347.50 per child (up to $2,085 for a family), or 2.5 percent of your household income above the tax return filing threshold for your filing status— *whichever is greater* .

Lower-than-expected enrollment in ACA plans, combined with a less healthy pool of customers purchasing coverage, has prompted insurers to both exit the Obamacare market and limit those offerings that remain, by raising premiums, deductibles and other out-of-pocket costs.

Insurance giants UnitedHealth, Humana and Aetna announced large-scale pullouts from the ACA market in recent months. An analysis by the Kaiser Family Foundation in August projected that nearly a third of US counties and five entire states will likely have only a single insurer offering health plans on the Obamacare marketplace in 2017.

Minnesota Governor Mark Dayton, a Democrat, on Wednesday said Obamacare “is no longer affordable to increasing numbers of people” in that state. Premiums for individual plans are set to rise on average by 50 to 60 percent next year.

Minnesota officials attributed the steep rate hikes to high prescription drug costs and sicker than expected enrollees that are more costly to insure. Several insurers have pulled out of the state’s Obamacare marketplace since opening three years ago, when Minnesota’s premiums were some of the lowest in the country.

Premium increases vary across the country, but the general trend is insurers requesting and receiving double-digit premium hikes from state insurance commissions. The average premium increase granted to New York insurers was 16.6 percent, but some companies in the state

were granted rate hikes as high as 89 percent.

In Pennsylvania, Geisinger Health System has requested a 40 percent rate increase. California regulators reported 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 of Arizona and Phoenix Health Plans, have requested premium hikes of 64.9 percent and 60 percent respectively.

According to the Congressional Budget Office, about 10 million people buy individual insurance coverage either on or off the ACA marketplaces and receive no federal subsidies to offset the costs.

Kaiser Health News (KHN) profiled the case of Shela Bryan, 63, of Hull, Georgia, who has been comparing plans since May. Bryan was on her husband's insurance plan through his employer until he died in 2013. She was able to continue his coverage under COBRA, which allows some employees and their family members to take over the full costs of employer-provided coverage for up to 18 months.

While her COBRA premium was high, about $800 a month, Bryan described it as "the Cadillac of insurance," with low copays, prescription drug coverage and a $500 deductible. With this coverage soon running out she is shopping for a new plan. She does not qualify for subsidies and must purchase individual insurance.

She told KHN of the plans she is comparing: "They cost a thousand, $1,200 [a month], and they have a deductible of $6,000. I don't know how they think anyone can afford that."

In Georgia, where Bryan lives, consumers who don't get insurance through their employers or don't qualify for tax credits through Obamacare are facing double-digit premium hikes. The only insurer offering plans throughout the state is Blue Cross Blue Shield of Georgia, which was granted a 21 percent increase from the state insurance commissioner. Humana received a 67.5 percent hike.

Another cost-cutting strategy of insurers is to restrict a plans' network, limiting access to doctors and hospitals. Recent research by the University of Pennsylvania shows that health plans with an "extra-small network had a monthly premium that was 6.7 percent less expensive than that of a plan with a large network."

More than half of the plans already offered on the Obamacare exchanges are health maintenance organizations (HMOs), which limit health care "within a predetermined network," the Blue Cross Blue Shield Association reported earlier this year.

Forbes writes that "the move to offer more narrow networks is necessary as a way to more closely monitor patient medical claims, making sure they are getting care upfront in a doctor's office or lower-cost primary care setting." In other words, the aim is to restrict access to specialists and other providers outside the network to trim costs for the insurers.

With Obamacare open enrollment beginning in November, hundreds of thousands of consumers whose insurers have departed the ACA marketplace are being notified that the federal government will choose a health plan for them unless they opt out of the exchanges or select a new plan on their own.

A sample "Discontinuation Notice" drafted by the government for use by insurers to send to enrollees declares: "Urgent: Your health coverage is at risk." It tells consumers that "if you don't enroll in a plan on your own, you may be automatically enrolled in the plan picked for you."

Consumers in discontinued plans will undoubtedly be surprised and angered to find that they have been placed in a plan with a different insurance company, with a new and more narrow network of doctors and hospitals, and different benefits and prescription drug coverage.

These notices will come with a January bill from the new company, warning: "Without health coverage or an exemption, you may have to pay a penalty of $695 or more when you file your taxes." The clear message: Pay up for your high-cost, limited network plan, or prepare to be fined.