

Two weeks before the US election

# Government announces huge Obamacare premium rises for 2017

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Open enrollment for the Affordable Care Act (ACA), commonly known as Obamacare, begins November 1, just a week before Election Day. US officials announced Monday that in 2017 insurers will hike the premiums for many health plans sold on ACA exchanges by an average of 25 percent.

The projected premium increases are of concern not only to those shopping for insurance coverage under Obamacare. They are part of a sea change in the US health care system, in which corporations and the government are increasingly burdening working families with rising health care costs while simultaneously working to ration care for the vast majority of Americans.

In a call with reporters on Monday, the Department of Health and Human Services (HHS) confirmed the 25 percent average price hike for the second cheapest (“silver”) plans, which are used as the benchmark to determine government subsidies. The dramatic increase compares to an average 7.5 percent premium hike in 2016 and a 2 percent rise in 2015. Average monthly increases are estimated at anywhere from \$50 to \$300.

In addition to the ACA premium hikes, HHS announced that more than one in five consumers using the HealthCare.gov site would have only one insurer to choose from in 2017. This is mainly the result of the pullout of insurance giants UnitedHealthcare, Humana and Aetna from the ACA marketplace over the past year. The average number of insurance carriers available per US county in 2017 is projected at 2.9, down from 5.7 in 2016.

The premium hikes and dwindling plan choices are a direct function of Obamacare’s subordination to the multibillion-dollar private insurance industry. Under the ACA’s so-called individual mandate, individuals and families without insurance through their employer or a government-run program such as Medicare or Medicaid must purchase insurance or pay a tax penalty. Those who go without insurance next year could face tax penalties of \$700 a person or more.

Rising premiums and huge deductibles are only part of the Obamacare story. Earlier this month, the *New York Times* ran a front-page lead article with the headline, “Next President Likely to Shape Health Law Fate: Changes Seen as Needed.” The article was a semi-official announcement that major changes would be imposed after the November 8 election, regardless of the outcome of the presidential race, to bolster the profits of insurance companies participating in the program.

Among the changes under consideration, according to the *Times*, are increasing taxpayer subsidies to insurance firms for “high-cost enrollees,” increasing tax penalties on individuals and families for not buying insurance, and curbing “abuse” of special enrollment periods by people who sign up for coverage after becoming sick.

The failure of Obamacare to attract a sufficient number of younger, healthier customers has resulted in a pool of less healthy enrollees who are more costly to insure. The private insurers, unwilling to accept any encroachment on their profits, have responded by requesting and receiving premium increases of 25 to 50 percent or more from state insurance commissions, or by pulling out of the ACA marketplace altogether.

HHS officials argue that consumers shopping on HealthCare.gov for 2017 should be able to find plans comparable in price to last year. But in general these are the least expensive “bronze” plans that come with deductibles in excess of \$5,000 for an individual and other high out-of-pocket costs. In a further effort to cut costs, insurers are also offering an increasing number of plans with narrow networks of doctors and hospitals, as well as limited prescription drug coverage.

The Obama administration says that about 8 in 10 of the expected 11.4 million Obamacare enrollees in 2017 will qualify for government subsidies. The ACA exchanges have enrolled more than 80 percent of those with incomes below 150 percent of the (absurdly low) federal poverty level who

are potentially eligible for subsidies. But another 5 to 7 million people who buy insurance on their own do not receive federal subsidies.

According to Avalere, a health policy consulting company, only about 17 percent of potential ACA customers with incomes from three to four times the poverty level (\$35,640 to \$47,520 for an individual) have enrolled. For many people in this income bracket and above—who are between jobs, self-employed, or retired but not yet eligible for Medicare—ACA insurance is unaffordable, with or without subsidies.

Using the estimator on HealthCare.gov for 2017 plans in Maricopa County, Arizona, a couple in their early 40s with two children under age 19 and a household income of \$60,000 would receive a \$1,451 monthly subsidy for the least expensive silver plan, bringing their estimated premium down to \$313 a month. However, with a \$10,500 annual family deductible and other out-of-pocket costs, estimated yearly costs would be \$14,305, or nearly one-quarter of their household income.

Obamacare—with its soaring premiums, high out-of-pocket costs and dwindling networks and services—is serving as the model for employers across the country as they seek to shift more health care costs onto their workers.

Attacks on health care benefits have featured prominently in a series of recent contract disputes, including strikes by 4,800 nurses at Allina Health in Minnesota, a strike by 5,500 faculty and coaches at Pennsylvania's 14 state-run universities, a strike at Harvard University by 700 dining service workers, and a walkout of Libbey Glass workers in Toledo, Ohio. In each case, employers have sought to drastically reduce health benefits and shift workers to inferior plans with burdensome out-of-pocket costs.

Obamacare is also the spearhead of a gathering attack on Medicare, the government health insurance program for 53 million American seniors and disabled people. Last year, President Obama signed into law a bipartisan bill revising the payment system for Medicare providers to reward doctors for cutting costs and penalize them if the volume and frequency of the health services they provide are deemed too high. Doctors will have a financial incentive to withhold more extensive tests and services from Medicare recipients.

President Obama spoke Thursday at Miami Dade College in Florida to tout the achievements of the ACA. While conceding the “growing pains” facing his signature domestic policy, he pointed to the ACA's extension of health insurance to 20 million people, its prohibition on insurers denying coverage to people with preexisting conditions, and its guarantee of coverage for certain “essential” medical services.

He did not acknowledge that the ACA imposes no serious restraints on the insurance companies, pharmaceutical firms

or hospital chains, and uses financial coercion to drive people to buy bare-bones plans with high out-of-pocket costs. Nor did he take note of the intensified assault on health benefits by employers, both private and public, across the US.

Obama boasted, “All told, about another 10 percent of the country now have coverage.” He was silent on the national scandal of 29 million Americans remaining uninsured.

With Election Day less than two weeks away, news of the premium hikes has forced a response from the presidential campaigns of both big-business parties. Republican Donald Trump proclaimed at a rally Monday night in Tampa, Florida, “It's over for Obamacare.” He has called for the law's repeal, not to replace it with a more progressive alternative, but to leave even more people without insurance. His stated health care agenda includes turning Medicaid, the government health insurance program for the poor, into a voucher program.

While acknowledging that “premiums have gotten too high,” Democrat Hillary Clinton, a staunch defender of Obamacare, has called for providing a new tax credit of up to \$5,000 to help people pay for premiums and out-of-pocket costs. Such a measure, as she well knows, stands virtually no chance of passage by Congress.

Neither the Democrats nor the Republicans have any intention of challenging the for-profit health care industry. The deepening attack on health care, exemplified by the projected 25 percent hike in Obamacare premiums, serves as a warning of the austerity agenda of the next administration, whichever party occupies the White House in January.



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