Some health insurance gets pricier as Obamacare rolls out

Thousands of Californians are discovering what Obamacare will cost them — and many don't like what they see.

These middle-class consumers are staring at hefty increases on their insurance bills as the overhaul remakes the healthcare market. Their rates are rising in large part to help offset the higher costs of covering sicker, poorer people who have been shut out of the system for years.

Although recent criticism of the healthcare law has focused on website glitches and early enrollment snags, experts say sharp price increases for individual policies have the greatest potential to erode public support for President Obama's signature legislation.

PHOTOS: The battle over Obamacare

"This is when the actual sticker shock comes into play for people," said Gerald Kominski, director of the UCLA Center for Health Policy Research. "There are winners and losers under the Affordable Care Act."

Fullerton resident Jennifer Harris thought she had a great deal, paying $98 a month for an individual plan through Health Net Inc. She got a rude surprise this month when the company said it would cancel her policy at the end of this year. Her current plan does not conform with the new federal rules, which require more generous levels of coverage.

Now Harris, a self-employed lawyer, must shop for replacement insurance. The cheapest plan she has found will cost her $238 a month. She and her husband don't qualify for federal premium subsidies because they earn too much money, about $80,000 a year combined.

"It doesn't seem right to make the middle class pay so much more in order to give health insurance to everybody else," said Harris, who is three months pregnant. "This increase is simply not affordable."

On balance, many Americans will benefit from the healthcare expansion. They are guaranteed coverage regardless of their medical history. And lower-income families will gain access to comprehensive coverage at little or no cost.

The federal government picks up much of the tab through an expansion of Medicaid and subsidies to people earning up to four times the federal poverty level. That's up to $46,000 for an individual or $94,000 for a family of four.

But middle-income consumers face an estimated 30% rate increase, on average, in California due to several factors tied to the healthcare law.

Some may elect to go without coverage if they feel prices are too high. Penalties for opting out are very small initially. Defections could cause rates to skyrocket if a diverse mix of people don't sign up for health insurance.

Pam Kehaly, president of Anthem Blue Cross in California, said she received a recent letter from a young woman complaining about a 50% rate hike related to the healthcare law.

"She said, 'I was all for Obamacare until I found out I was paying for it,'" Kehaly said.

Nearly 2 million Californians have individual insurance, and several hundred thousand of them are losing their health plans in a matter of weeks.

Blue Shield of California sent termination letters to 119,000 customers last month whose plans don't meet the new federal requirements. About two-thirds of those people will experience a rate increase from switching to a new health plan, according to the company.

HMO giant Kaiser Permanente is canceling coverage for about half of its individual customers, or 160,000 people, and offering to automatically enroll them in the most comparable health plan available.

The 16 million Californians who get health insurance through their employers aren't affected. Neither are individuals who have "grandfathered" policies bought before March 2010, when the healthcare law was enacted. It's estimated that about half of policyholders in the individual market have those older plans.

Obamacare: News and analysis

All these cancellations were prompted by a requirement from Covered California, the state's new insurance exchange. The state didn't want to give insurance companies the opportunity to hold on to the healthiest patients for up to a year, keeping them out of the larger risk pool that will influence future rates.