

# Canceled health insurance plans add to angst of change

Bill Fullner has reached his breaking point.

It started with the letter from his health-insurance company informing him it was canceling his plan and offering him a new one that's nearly twice as expensive. Then the 60-year-old retiree from Mount Vernon heard about more people like himself with canceled plans and soaring premiums. Finally, he spent hours on the phone and computer trying — and failing — to find a new option that he likes.

“This whole experience has converted a lifelong Democrat into a foot soldier for the Republican Party,” Fullner said.

He's not alone in his frustration.

In Washington, most of the 290,000 people covered by insurance plans they purchased on the individual market received letters this fall telling them that their plans are going away.

That's because under the Affordable Care Act, insurance plans must meet new requirements, including limits on how much money patients spend in out-of-pocket medical expenses, and they must cover 10 so-called essential benefits such as preventive care, prescription drugs and maternity care.

So all 90,181 people with insurance coverage from Regence BlueShield have learned their plans will be canceled, as did all 60,000 people covered by Group Health Cooperative. Some 77,000 people with LifeWise Health Plan, a subsidiary of Premera Blue Cross, also learned their plans were being scrapped.

An additional 24,000 people with LifeWise are covered under “grandfathered” plans that predate the act and will not be canceled, though members will be getting letters in November informing them they can move to another plan if they would like to.

For some who have received the letters, the new plans being offered are more expensive, but for others — especially those who qualify for a federal subsidy to bring down the cost of the premium — their insurance bill will go down.

Many of these folks did not have health insurance through their jobs and had to buy health insurance on the individual market. Many sought the least expensive, stripped-down plans they could find, which meant they had fewer benefits and higher deductibles.

And if those plans didn't meet the more protective conditions of the Affordable Care Act, they had to go.

That's left Fuller and many others feeling blindsided. They — and Republican leaders opposed to the Affordable Care Act — are now calling a pledge made by President Obama as he lobbied for the law a betrayal.

“Obama stated that if we were happy with an insurance plan that we currently had, we would be able to keep it,” Fullner said in an email. “I feel that the president, who I greatly admired and supported, has lied to the public.”

## Some were vulnerable

Even supporters of the health-care overhaul say Obama's promise oversimplified a complicated situation.

The statement “was true for most people,” said Stephanie Marquis, spokeswoman for the state Office of the Insurance Commissioner. That's because most people have employer-provided plans with more generous benefits, making them more likely to meet the new rules with little change.

“It turned out not to be the case for most people with individual plans, because the plans were so much worse,” she said. “In all honestly, they didn't provide meaningful coverage.”

The bare-bones plans left people vulnerable to costly medical bills and even bankruptcy. So insurance companies drafted new, more comprehensive plans to meet the law. Then they looked at a subscriber's current plan and tried to match it to one that most closely resembled one of the new plans.

But the truth is, “there are very few comparable plans,” said Jeffrey B. Johnson, a broker who owns JBJ Insurance Group in Auburn.

As Johnson explains to his clients, when he grew up, there were no seat belts in cars and you used a crank to roll up your windows. Today cars come stock with air-bags, seat belts and electric windows, whether you like it or not. The same now goes for health plans.

“You don't have a choice,” Johnson said. “Everybody gets them, but it still comes with a price.”

## Not everyone will pay more

Not everyone will have to pay more for their new insurance plans. Neither state officials nor insurance companies could say what percentage of subscribers were matched with plans that had higher or lower premiums. Rates for older people with more comprehensive plans, for example, might see their premiums stay flat or decrease.

“Everything is different,” Johnson said. “I've seen rates go down for some of my younger clients. You can't just say rates are up.”

Additionally, roughly half of the people who have been purchasing their insurance on the individual market will be eligible for tax benefits to lower the cost of their premiums, according to state figures. The benefits apply to those earning less than 400 percent of the federal poverty level, which is about \$45,000 for an individual.

Fullner, who retired two years ago from a job with the city of Mount Vernon, lives on a fixed income that puts him out of the range of a subsidy. He's been happy with his \$328 a month medical and dental plan from Regence Blue Shield. He opts for less-expensive generic medicine that he can buy at Costco, and his plan covers an eye doctor he likes.

And the new plan recommended for him by Regence? It costs \$624 a month.

Like most people covered by individual market plans, if Fuller does nothing by the end of the year, he will automatically switch over to the new Regence plan. This rule exists so that people don't suddenly wake up Jan. 1 without any coverage.

## “People have choices”

But people are not required to go with the plan suggested by their insurance company. In fact, they can change companies completely — a point not necessarily made clear by some of the insurers' cancellation letters.

“It's a new world out there, and people have choices,” said Marquis, of the insurance commissioner's office.

Before the rule changes in the Affordable Care Act, people could be denied coverage for pre-existing conditions or they might be stuck with a certain insurance company because they were concerned about doing a health screening required to switch. That has all changed.

Consumers can look for plans “inside” the state's insurance exchange — called the Washington Healthplanfinder — or they can shop for coverage in the market “outside” the exchange. Only plans inside the exchange qualify for tax subsidies.

The prices of the plans vary according to a variety of features, including subscribers' ages, where they live, whether they smoke, what doctors and hospitals are part of the plan's network, and what fraction of medical costs the insurer will pay and what portion falls to the subscriber.

“The consumer is being faced with a really complex situation,” said Eric Earling, spokesman for Premera and LifeWise. The new plans are markedly different. “They have to try and digest all of that.”

While the state exchange has seen a high level of interest and nearly 49,000 people had enrolled by last week, most of those have been low-income residents signing up for Medicaid. And for now, it's unclear which insurance plans and companies they're choosing.

“We know it's a difficult change for some members,” said Rick Henshaw, sales director of Group Health's individual and family plans. “We want to make every effort to help them choose a plan.”

## Change is a constant

In fact, change has been something of a constant for health-insurance plans — particularly in the individual market. The plans are often tweaked each year, making adjustments for costs and what's being covered. Rising prices are also nothing new. Since 2008, individual market premiums have increased in Washington between 8 and 18 percent per year on average, according to state data.

And a decade-old study from the journal Health Affairs found that only 36 percent of people stayed on individual insurance plans for more than a year, while only 17 percent kept them more than two years.

Fullner is still shopping around and has contacted brokers to help him choose a new plan. He's found one with Assurant Health that costs \$450 a month without dental. That might work, but it's not a solution he's thrilled with.

“If I knew my insurance premiums were going to double,” Fullner said, “I would have probably kept working.”

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