

# Obamacare premiums to rise by double-digit percentages for millions

'Benchmark' plans rise 25 percent on HealthCare.gov



The Obamacare premium spike comes as particularly rough news for President Obama, who is trying to boost his legacy in his final months in office, and for Hillary Clinton, his would-be Democratic successor, who has defended the law. (AP Press) more >

By Tom Howell Jr. - The Washington Times - Monday, October 24, 2016

Obamacare premiums will soar in 2017, the administration acknowledged Monday, with the price of the most popular benchmark plans jumping an average of 22 percent as the law continues to rely on older, sicker customers than its backers had envisioned.

The number of insurers offering plans on the federally run exchange will also plummet as companies tap out, saying they can't figure out a way to make the economics work — and raising the risk of lower competition and worse premium increases.

Roughly one in five customers will have only a single insurer as an option next year after major players such as UnitedHealth Group and Aetna withdrew from most states and nearly all of Obamacare's co-op plans failed.

That's particularly rough news for President Obama, who is trying to boost his legacy in his final months in office, and for Hillary Clinton, his would-be Democratic successor, who has defended the law.

"This shows why the entire program must be repealed and replaced," said Jason Miller, a spokesman for Republican presidential nominee Donald Trump.

Congressional Republicans, struggling to maintain their majorities in both chambers, also seized on the news, warning voters that electing Democrats would cement the Affordable Care Act into law.

Obamacare customers — who at this time of year are also voters — can get a first look next week at their own rates when they log onto the federal HealthCare.gov website. Open enrollment for 2017 begins Nov. 1.

The Health and Human Services Department urged consumers to shop around to try to find the best deals and said 80 percent of customers would feel the full sticker shock because they qualify for taxpayer-funded subsidies.

HHS said nearly three-quarters of customers in 2017 will be able to find a plan for \$75 or less per month after that tax credits kick in.

"I know that there has been much talk and discussion about marketplace rate increases this year. But headline rate changes don't actually reflect the vast majority of consumers will pay," HHS Secretary Sylvia Mathews Burwell has said about open enrollment.

Yet several million customers do not qualify for government subsidies or purchase insurance off the exchanges, so they will feel the full brunt of the increases.

Taxpayers will also have to shell out more money to cover the subsidies for those who do qualify — meaning Obamacare's costs will continue to rise.

On Monday, the House Energy and Commerce Committee asked the Centers for Medicare and Medicaid Services to detail just how much of a burden the law's tax payers are shouldering.

"While the administration continues to focus on premium 'affordability,' it ignores the undeniable fact that federal taxpayers are subsidizing the premium increases through tax credits," wrote Rep. Fred Upton, Michigan Republican and the panel's chairman, along with other leading members. "The committee is concerned that the federal taxpayer continues to bear the burden of subsidizing the growing cost of health care insurance."

Analysts for months had warned of massive premium increases, saying the Obamacare program is still struggling to entice healthy customers who are needed to make the economics work.

Minnesota Gov. Mark Dayton, a Democrat, recently said the law "is no longer affordable for an increasing number of people." Tennessee Insurance Commissioner Julie McPeak said the state's Obamacare exchange is "very near collapse."

"The fact that premium increases in the ACA marketplaces are going to be substantially higher in 2017 has been known for months, so there's no real October surprise here," said Larry Levitt, a senior vice president at the nonpartisan Kaiser Family Foundation. "The start of open enrollment just makes it clear that these increases are becoming more tangible for those consumers who are affected."

Increases will vary widely from place to place, though some of the figures are eye-popping: In Arizona, a 27-year-old's average monthly premium for the second-lowest silver, or "benchmark," plan jumps \$196 to \$422, a 116 percent increase, before subsidies.

In Oklahoma, that same customer would get a 69 percent increase. Customers in Indiana and Massachusetts, which runs its own exchange, would be the only ones to see a decrease, of 3 percent, according to the HHS report.

The administration said things could get worse if the federal courts do not overturn a judge's decision in May that sided with House Republicans who say the Treasury is unlawfully reimbursing insurers for losses under the 2010 health care overhaul.

In court papers Monday, the Justice Department said Republicans shouldn't have been allowed to sue over the cost-sharing program, which is designed to pay back insurers who must help poorer enrollees with out-of-pocket expenses.

Millions of Obamacare customers with incomes from 100 percent to 250 percent of the poverty line rely on the payments, and health care plans are required to reduce their out-of-pocket costs, whether they are reimbursed or not.

"If the government stopped making cost-sharing reduction payments, insurers would still be required by statute to reduce the cost-sharing charges they impose on eligible individuals," administration attorneys wrote. "Instead of recouping those costs as required by the statute, the insurers would make up the difference by raising their premiums."

Despite headwinds, Mrs. Burwell is predicting that the marketplace will expand by roughly 1 million customers in 2017 as insurers bring their prices in line with actual costs.

She estimated that 13.8 million people will buy plans during open enrollment on the exchanges, compared with 12.7 million who initially signed up in 2016.

That is still short of the 15 million that congressional scorekeepers predicted just a few months ago.

Even Mr. Obama has said his law will need changes after he is out of office, including a government-run plan, or "public option," to bolster competition in the exchanges.

As it stands, the number of insurers participating on HealthCare.gov has dwindled from 232 this year to 167 in 2017.

HHS said customers on HealthCare.gov, which serves 39 states, will still be able to choose, on average, from 30 plans with different combinations of premiums, out-of-pocket costs, networks of hospitals and physicians, and prescription drug coverage options.

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