

BlueCross to cut Obamacare coverage; force 112,000 customers to get new insurance



Health insurer drops plans in Nashville, Memphis, Knoxville, keeps coverage in Chattanooga

September 27th, 2016 | by [Andy Sher](#) and [Dave Flessner](#) | in Business Around the Region

Read Time: 7 mins.



The Chattanooga headquarters of BlueCross BlueShield of Tennessee is shown in an aerial view. Photo by Dan Henry/Times Free Press.

What's ahead

- Nov. 1: Open enrollment begins
- Dec. 15: Deadline to enroll in a new plan or make changes to your coverage effective January 1, 2017
- Jan. 31: Open enrollment ends for 2017

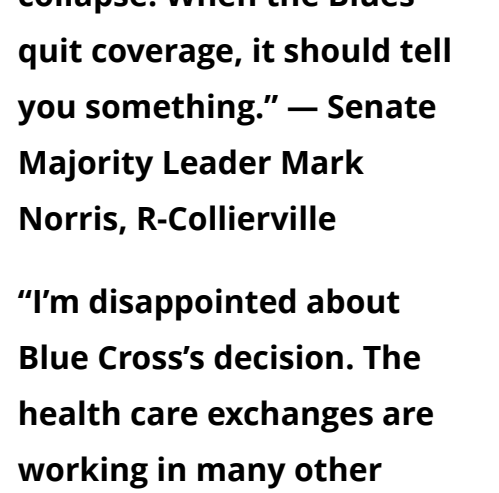
Where BlueCross is pulling out of individual Obamacare

Memphis region
Fayette, Haywood, Lauderdale, Shelby and Tipton counties

Nashville region
Cheatham, Davidson, Montgomery, Robertson, Rutherford, Sumner, Trousdale, Williamson and Wilson counties

Knoxville region
Anderson, Blount, Campbell, Claiborne, Cocke, Grainger, Hamblen, Jefferson, Knox, Loudon, Monroe, Morgan, Roane, Scott, Sevier, Union

Document: 2017 BlueCross ACA participation map



BlueCross BlueShield of Tennessee Affordable Care Act marketplace participation for 2017.

Politicians react

"Blue Cross' decision is the latest canary in the coalmine. This is the legacy of Obamacare - failure and collapse. When the Blues quit coverage, it should tell you something." — Senate Majority Leader Mark Norris, R-Collierville

"I'm disappointed about Blue Cross's decision. The health care exchanges are working in many other states, but our state is turning down billions of dollars that would stabilize our health insurance market. I'm thankful that Nashvillians still have options in the marketplace, but it's clear we need Insure Tennessee now more than ever." — U.S. Rep. Jim Cooper, D-Tenn.

"This is more evidence that Obamacare is falling apart. Short term, we need to give families the opportunity to use their Obamacare subsidies to buy a policy for 2017 outside of the exchange. Longer term, regardless of who the new president is, we need to replace Obamacare with insurance choices that allow Tennesseans to select low-cost insurance that fits their budget and their health care needs." — U.S. Sen. Lamar Alexander, R-Tenn.

"For four years, the Legislature has gone out of its way to undermine the Affordable Care Act, and that's now coming back to bite us. The legislature's decision to do nothing on Medicaid expansion is plainly contributing to an unstable insurance market. It's time for legislators to get their heads out of the sand and take action that will actually help Tennesseans." — Tennessee Senate Minority Leader Jeff Yarbro, D-Nashville

"Tennesseans continue to bear the brunt of Obamacare's failures, whether it was the loss of our Obamacare co-op, the closure of CoverTN, or today's news that our largest insurer will be exiting the marketplace altogether in certain regions of the state. As a nurse, it pains me to know how this will impact real people throughout Tennessee — the latest victims of President Obama's lie that 'if you like your health care plan, you can keep it.'" — U.S. Rep. Diane Black, R-Tenn.

"All Tennesseans will have access to coverage next year, and thanks to financial assistance, most people will be able to select a plan for less than \$75 per month. We look forward to Tennesseans coming to shop for plans that include free preventive care and no lifetime limits when Open Enrollment begins on November 1." — Marjorie Connolly, press secretary for the Department of Health and Human Services.

After losing nearly \$500 million on its individual health plans offered through the Affordable Care Act over the past three years, Tennessee's biggest health insurer is **scaling back** its participation in the so-called ObamaCare program, even after **regulators granted the company a record 62 percent rate hike** for next year.

BlueCross BlueShield of Tennessee said Monday it is withdrawing its individual exchange plans next year in Memphis, Nashville and Knoxville to help limit the risks of additional losses for the Chattanooga-based insurer.

BlueCross will continue to offer individual health plans under ObamaCare in 65 of Tennessee's 95 counties, including all of those in the Chattanooga area and in the 57 counties of the state where BlueCross is the only provider of individual plans under the Affordable Care Act. But BlueCross estimates 112,000 customers with individual plans in the major markets of the state will have to find other insurance carriers to maintain their coverage in 2017.

"This is a difficult, but necessary decision," BlueCross Senior Vice President Roy Vaughn said Monday. "Even with the increases that were approved for us next year, we felt there was too much risk... of the federal government changing the rules."

BlueCross contends the federal government still owes it about \$300 million for insuring higher-risk Tennesseans and other promised payments under the original Affordable Care Act, but administrative changes and insufficient funding have cut such payments to most insurers.

In the markets BlueCross is exiting with its individual plans, Humana and Cigna are both offering coverage options under the Obamacare health exchanges.

"We've intentionally made our decision about the markets where we are ending coverage to ensure that there will still be other carriers in those markets," Vaughn said. "We spent three years preparing for the start of Obamacare and another three years providing coverage in all Tennessee counties, but what our time in the ACA exchanges has showed us is that rules can change in the middle of the game. There are some changes at the federal government that, if they occur, could put us in a loss position again **despite the rate increase that we requested and received.**"

The cost-sharing, risk adjustments and reinsurance options under ACA are being challenged in court or could be altered with a new administration next year in a way that could limit payments for health insurers.

BlueCross in Tennessee initially offered some of the lowest Obamacare rates of any insurer in the country when the plans began in 2014. But those who signed up for the individual plans proved to be sicker and more costly to insure than what BlueCross forecast.

The insurer won approval last month from the Tennessee Department of Commerce and Insurance to boost rates by an average of 62 percent next year, doubling the rates for individual plans from where they were just three years earlier.

The state granted a **46 percent rate increase for Cigna** and a **44 percent increase to Humana** in Tennessee for 2017.

BlueCross also ended its direct enrollment platform for individual plans, cut out use of credit card payments next year and eliminated its broker commissions paid in the parts of the state where it is still offering individual plans.

"We regret the impact it will have on our broker partners," BlueCross spokeswoman Mary Danielson said. "But we have to find new ways to manage costs associated with this line of business."

Bobby Huffaker, president of the American Exchange — an online and telephone-based insurance brokerage agency in Chattanooga — said the commission cuts will likely require his company to begin charging fees for those who opt to sign up with BlueCross individual plans in Tennessee.

"It's disheartening that BlueCross has chosen to do this, but fortunately we have business with other insurers and with other BlueCross plans across the country [which are paying broker commissions]," Davenport said.

With some of the highest obesity, stroke and diabetes rates in the country, Vaughn said, Tennessee health care costs continue to rise, especially for many low- and moderate-income people who were previously not covered by health insurance before the Affordable Care Act was adopted in 2010.

Two of the nation's biggest health insurers — United Healthcare and Aetna — withdrew from the individual health exchanges in Tennessee this year, and the state's health insurance cooperative, the Knoxville-based Community Health Alliance, was forced to shut down this year due to continued losses and insufficient funding.

Tennessee, like many rural states across the country, will offer consumers fewer choices than what proponents of Obamacare had envisioned when the program was developed. BlueCross is the only insurer providing individual health plans under Obamacare in 57 counties in Tennessee.

Nationwide, a study by the nonpartisan Kaiser Family Foundation found 31 percent of the counties in the United States will have only one insurer offering health plans on the Affordable Care Act in 2017.

Tennessee Republicans said it underscores a problem-ridden program they always knew was doomed to fail. Democrats, however, charged that Tennessee Republicans at the state level did everything they could to undermine and sabotage a program designed to help hundreds of thousands of uninsured people.

"This is more evidence that Obamacare is falling apart," said U.S. Sen. Lamar Alexander, R-Tenn., chairman of the Senate Health Committee.

Tennessee Senate Majority Leader Mark Norris, R-Collierville, called BlueCross' decision "the latest canary in the coal mine. This is the collapse of coverage Commissioner McPeak warned about last month."

State Insurance Commissioner Julie McPeak, an appointed Republican, warned last month even as she granted BlueCross its requested 62 percent hike in exchange premiums that the Obamacare experiment was on the verge of collapse in Tennessee.

"This is the legacy of Obamacare — failure and collapse," Norris said in a statement. "When the Blues quit coverage, it should tell you something. Now others see more clearly why Medicaid expansion in Tennessee was always an intolerable risk."

Democrats, however, put the blame at Volunteer State Republicans' feet, saying the Tennessee-controlled General Assembly did everything it could to derail the Affordable Care Act here and voters should know it.

Nashville, and state Rep. John Ray Clemmons, D-Nashville, told reporters at a state Capitol news conference that Republicans refused to allow Tennessee to participate in the ACA's envisioned expansion of Medicaid. They even passed a state law to make it difficult for insurance exchange "navigators" to help other residents participate in the Affordable Care Act, the lawmakers charged.

That's not even counting what they called Republican Gov. Bill Haslam's disastrous handling of a new computer software system aimed at helping residents enroll either in TennCare, which is Tennessee's Medicaid program, or the exchange a seamless experience.

"For four years the Tennessee Legislature has done everything in their power to undermine the Affordable Care Act, and I think we're seeing those chickens come home to roost," Yarbro said.

The Obama administration said even with the cutbacks by BlueCross, all Tennesseans will still have access to some type of coverage next year and most people will be able to select a plan for less than \$75 per month, after they receive government subsidies for their coverage.

"We look forward to Tennesseans coming to shop for plans that include free preventive care and no lifetime limits when open enrollment begins on Nov. 1," Health and Human Services press secretary Marjorie Connolly said Monday.

The share of Tennesseans lacking health insurance of any type has declined from 14.4 percent before Obamacare was adopted to only 10.3 percent last year, according to the U.S. Bureau of Census.

ObamaCare plans comprise about 7 percent of all Blue-Cross plans, but Vaughn said they account for most of the company's losses and can no longer be subsidized by other lines of business.

The cutbacks in places where BlueCross sells individual plans will not affect BlueCross's statewide coverage offered for employers, TennCare or Medicare Advantage plans.

Contact [Dave Flessner](#) at dflessner@timesfreepress.com or [Andy Sher](#) at asher@timesfreepress.com.

MOONLIGHT MADNESS
NOW THROUGH MONDAY, OCTOBER 31st ONLY!
CHARGER DUAL RECLINING SOFA \$899
Click for sale details
SAVE UP TO 50% OFF CRAZY SAVINGS
L A B O Y FURNITURE GALLERIES

Chattanooga Times Fr...
125,830 likes
Like Page Share

Be the first of your friends to like this

jobs
ANA WOODWORKS
10.27.16
Chattanooga, TN (37407)
RECEPTIONIST
MARSHAL MIZE FORD
10.26.16
Hixson, TN (37343)
EXECUTIVE DIRECTOR

cars TOPCARS
2014 Ford Mustang GT
\$26,686

usbank
Equal Housing Lender. Member FDIC.
Learn more

Latest Articles

Drought-parched Little River reveals dangers with water level drop [photos]

Keepers seek to raise cubs after red panda died unexpectedly at Chattanooga Zoo [photos]

Judge rules ex-Cleveland firefighter who was illegally fired will not receive damages

Jailhouse calls, reluctant witnesses mark