

ACA Rate Hikes Become Political Fodder

By LYNN HATTER OCT 31, 2016



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Open enrollment for Obamacare ups begins next month, and state and federal officials are hoping for more young, healthy enrollees. That demographic has been slow to sign up, leading to increasing concerns that the Affordable Care Act, may soon become un-affordable. But health policy experts say tales of the death of the ACA are greatly exaggerated.

The Florida Health Insurance Advisory Council's Carol Ostapchuk recently uttered a word that gives businesses and health insurance companies fear: Uncertainty. Yet, in her rundown of the effects of the Affordable Care Act in Florida, she had even more to say.

"The individual policies previously a smaller segment of the market have now grown to become a much larger share of the overall market," she explained. "As the small group market goes, it's continued to decrease. The large group market has stabilized...[and] as far as loss ratios go, they did decrease in total from 2014 in both the individual and small group market."

"You know, it sounds to me like you've got a department of insurance trying to navigate a troubling situation because of a relatively non-competitive marketplace, in our state," said Florida State University College of Medicine Professor Les Beitsch is a former Health Commissioner for Oklahoma.

The bottom line is that when it comes to federally subsidized health plans, competition--and choice--is shrinking. 78 percent of Florida is covered by a single carrier for Obamacare plans. And Beitsch say the state Department of Insurance Regulation, is performing a balancing act.

"The department of insurance has to be sure they're doing their part to make sure the premiums asked for are both affordable from the standpoint of consumers, but also hit a price point for the carrier that they will be affordable yet profitable for the company."

Premiums for the ACA-backed Florida health plans are expected to rise by 19 percent. The national average is even higher. While the Affordable Care Act is not on the brink of certain death, it's certainly suffering from growing pains. The number of sick people who enrolled in federally subsidized plans was larger than expected—costing insurance companies more to treat them, hence, the premium increases. The ACA also took a hit last year when a program designed to insulate insurers from financial losses was eliminated. The law's emerging weaknesses are being exploited by Republican Presidential Candidate Donald Trump.

"Americans are going to experience another massive, double-digit spike in Obamacare premiums, including a more than 100 percent increase in the great state of Arizona, they're going up 100 percent," Trump told a crowd during a rally in Tallahassee.

During a swing through Florida, Trump said he wants to repeal and replace the law. Meanwhile Arizona's massive rate hikes are an outlier. Premiums in ACA plans are expected to go up by an average of 25 percent nationwide.

The combination of sicker people, higher premiums, and fewer choices is causing whispers of a possible death spiral for the law. But its supporters say it's far from dead. Just...troubled. Subsidies consumers receive are poised to increase, and they could absorb most or all of the price increases for people making around 25-thousand dollars a year. But Affordable Care Act expert Jonathan Oberlander of the University of North Carolina says with most things healthcare, there's a caveat:

"The people who are unsubsidized in Florida and other states, and people buying coverage off the exchange? They are going to feel it. Again, most Americans, about 280 million Americans, this doesn't affect at all," he said.

Those making between \$30,000 and \$40,000 a year could feel a bigger hit, and those who make too much for federal subsidies will certainly feel the burn.

Still more people than ever now have health insurance. And while insurers complain of higher than expected losses, the loss ratios (how much they deliver in direct customer care vs. profit) are beginning to come down. A recent Georgetown study reported 95 percent of children are now insured—a record high. Yet FSU Medical School Professor Les Beitch says, the ACA could be working better. And the key to it is the part of the law the U.S. Supreme Court deemed optional for states: Medicaid expansion.

"This problem is exacerbated in part by not having the ACA fully implemented as it was conceptualized. Not having Medicaid expansion in the southeastern United States places a lot of pressure on the few number of players in the marketplace," he said. "If you had Medicaid expansion you have more opportunities to spread the risk around."

Still, that's a longshot in a state like Florida where repeated efforts to use federal money to expand Medicaid to more low and mid-income people have been shot down. And that's a risk insurers may not be demonstrating they aren't willing to take on.

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