

Low 2016 Increases Seen for Enrollees With Subsidies: HHS

By Sara Hansard | April 12, 2016 6:14PM ET

HHS Report on Premiums

Finding: Premiums in 2016 rose average of 4 percent to \$106 a month for majority of ACA enrollees receiving subsidies.

Criticism: Taxpayers have to foot bill; deductibles are still high.

April 12 (BNA) -- As insurers prepare to file proposed premium rates for 2017, the HHS April 12 issued a report showing that compared to 2015, 2016 premiums only rose an average of \$4 a month, or 4 percent, to \$106 a month for the majority of ACA customers who receive subsidies.

“Neither the proposed nor final rates offered by any individual issuer provide a reliable basis for predicting what typical Marketplace consumers will pay in the following year,” according to the report from the Department of Health and Human Services' Office of the Assistant Secretary for Planning and Evaluation. Consumers' actual premiums will be lower because regulatory rate review can reduce proposed increases, consumer shopping leads to better deals and the ACA premium tax credits reduce costs for 85 percent of enrollees, it said.

In prior years there has been much criticism of proposed and actual double-digit premium increases for Affordable Care Act marketplace plans. The HHS report aims to head off possible criticism of 2017 premiums, which may be higher than in 2016 and 2015 as health insurers seek to stem losses on marketplace plans.

The HHS report, based on the federal HealthCare.gov marketplace in 2016, said that 67 percent of consumers selected a new plan in 2016, including 43 percent of consumers who were enrolled in the marketplace plans in 2015. The average full monthly premium for HealthCare.gov plans for individuals, without subsidies, increased 8 percent to \$386, the report said.

The report gave breakdowns for the 38 states using the HealthCare.gov platform in 2016.

Getting in Front of Increases

“They're trying to get out in front of high premium increases,” Brian Blase, a senior research fellow at George Mason University's Mercatus Center, told Bloomberg BNA April 12. Blase described himself as a “skeptic” of the ACA.

“Premiums are one of three levers that insurers can control,” Blase said. For 2017, “I think you're going to see some combination of higher premiums, higher cost-sharing and higher deductibles, and fewer doctors in networks,” he said.

Joel White, president of the Council for Affordable Health Coverage, told Bloomberg BNA April 12 that “cost-shifting is not cost containment.” The main point of the HHS report, he said, is, “Don’t worry about a double-digit increase because taxpayers have got to foot the bill.”

In 2016, average premiums for silver-tier plans—the type of coverage on which the ACA subsidies are based—increased 11.3 percent to \$296 a month from 2015, White said. “It’s not like that 11 percent evaporated. It didn’t go into the air. Somebody paid that.”

Average Deductibles Up 20 Percent

In addition, White said, deductibles for silver plans, which coverage about 70 percent of medical claims, increased an average of 19.8 percent to \$3,064 in 2016 compared with 2015. The Council for Affordable Health Coverage has supported several bipartisan changes to the ACA that have been enacted but didn’t take a stand on the legislation. The group published an analysis of the 2016 premiums and deductibles in March.

“When the camouflage of several taxpayer subsidized risk protections (risk corridors and reinsurance) ends after 2016, premiums filed, approved, and paid for 2017 will be noticeably higher,” Thomas Miller, a scholar at the American Enterprise Institute and an ACA critic, told Bloomberg BNA in an e-mail April 12.

“Meanwhile, actual enrollment growth in the ACA marketplaces remains disappointing, if not stagnant. Beyond highly subsidized or very costly enrollees, the plans offered are not attractive to other potential customers,” Miller said.

Valid Points

Analysts who are more supportive of the ACA argued that the HHS report makes valid points. “They want to bring out the big picture,” Georgetown University research fellow Sean Miskell told Bloomberg BNA April 12. For people who shop around for plans and receive subsidies, premium increases for 2016 were very modest, he said.

Emily Curran, a research fellow with Georgetown’s Center for Health Insurance Reforms, told Bloomberg BNA April 12 that the role of state regulators will be important in vetting premiums for 2017. “Most can reject really high premium increases and make sure across the board that there are going to be sustainable options,” she said.

Cynthia Cox, associate director of health reform and private insurance at the Kaiser Family Foundation, told Bloomberg BNA April 12 that it is important for enrollees to shop around for plans. She pointed to a KFF report issued in November 2015 finding that 40-year-olds enrolled in the lowest cost silver plan in 2015 could have saved an average of \$322 a year by switching to a different plan in 2016.

America's Health Insurance Plans spokeswoman Clare Krusing issued a statement April 12 saying, "Premiums reflect the rising cost of medical care driven by higher prescription drug prices and hospital costs. On top of that, this is a market that is still in the midst of a major transition.

"Between changes to the premium stabilization programs and uncertainty around special enrollment periods, there needs to be much greater focus on promoting a stable, affordable market for consumers."
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To contact the reporter on this story: Sara Hansard in Washington at shansard@bna.com

To contact the editor responsible for this story: Janey Cohen at jcohen@bna.com

For More Information

"Health Insurance Marketplace Premiums After Shopping, Switching, and Premium Tax Credits, 2015-2016" is available at <https://aspe.hhs.gov/pdf-report/marketplace-premiums-after-shopping-switching-and-premium-tax-credits-2015-2016>.

The Council for Affordable Health Coverage's analysis is at http://cahc.net/wp-content/uploads/2016/04/CAHC-ACA-Dashboard_March-2016.pdf.

"Potential Savings from Actively Shopping for Marketplace Coverage in 2016" is available at <http://kff.org/health-costs/issue-brief/potential-savings-from-actively-shopping-for-marketplace-coverage-in-2016/>.

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