Obamacare 2017: Higher prices, fewer choices

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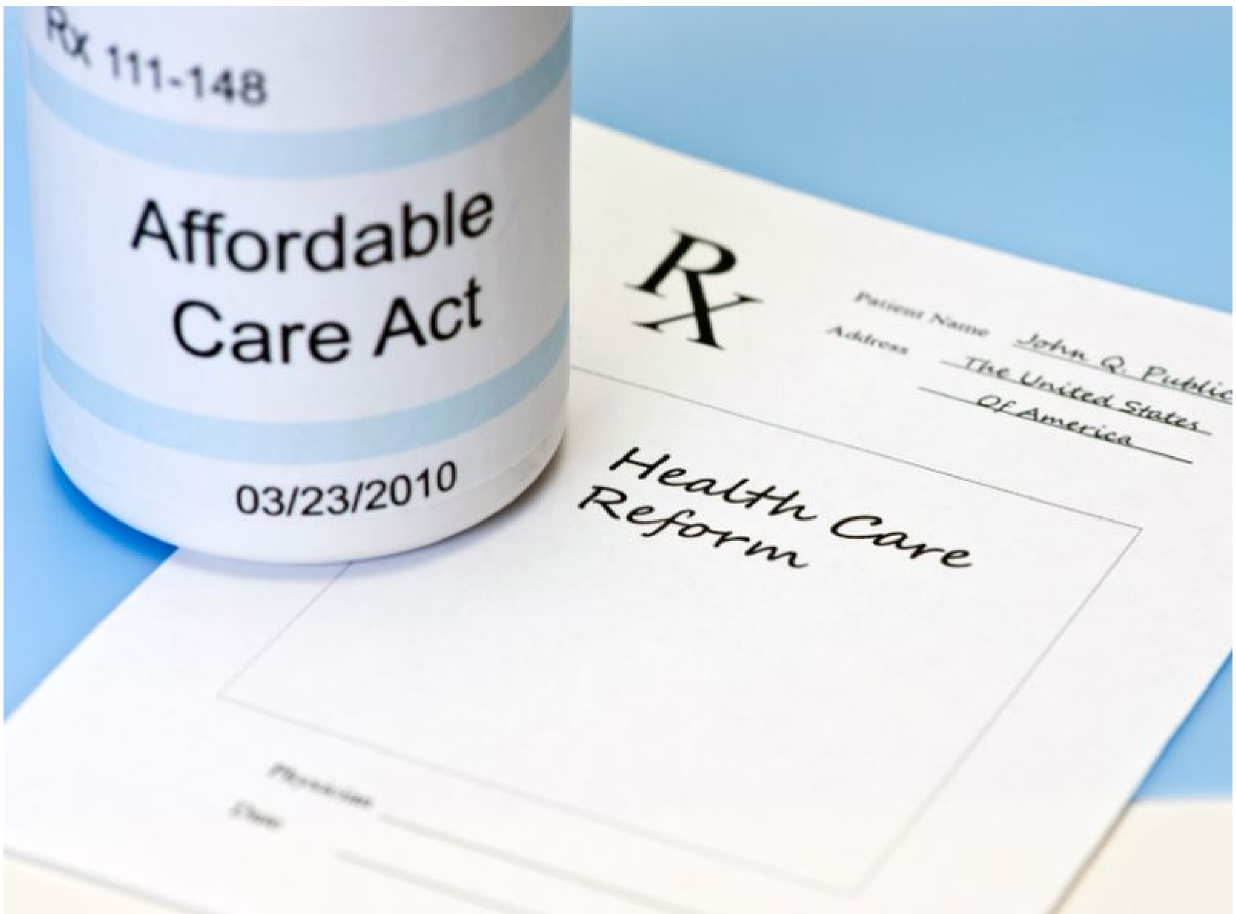

(HealthDay)—Just days before the next enrollment period for health plans offered through the Affordable Care Act, many Americans were jolted by the Obama administration's announcement of a 25 percent price hike, on average, for coverage in 2017.

But federal health officials and other experts say the news shouldn't deter people from seeking coverage, since many low- and middle-income consumers qualify for tax credits to lower their monthly premiums. So, a 25 percent increase doesn't necessarily mean they'll pay 25 percent more for insurance, officials say.

"All of that gets blunted by premium subsidies," said Claire McAndrew, private insurance program director at Families USA in Washington, D.C.

The annual sign-up period for health insurance under the Affordable Care Act, also known as Obamacare, kicks off Tuesday, Nov. 1. Consumers must enroll in a plan by Dec. 15 if they want coverage effective on Jan. 1.

To learn more, visit HealthCare.gov, the federal website that offers coverage options to Americans who live in the 39 states that chose not to create their own website.

Outreach to potential new buyers and people who need to renew or switch health plans is under way.

Using social media and mobile technology, the federal government hopes to coax more young adults to sign up for coverage. It's a segment of the population that the administration desperately needs to keep prices affordable for all insurance buyers. And it's a lack of participation by younger Americans that's driving the 25 percent increase for next year.

Several major health insurers pulled out of Obamacare for 2017 due to losses incurred by insuring customers who were older and sicker than anticipated. Young adults tend to be healthier and use fewer health services, and that should help to balance the risk of insuring the less healthy, the White House says.

More than nine in 10 young people eligible for coverage may qualify for tax credits to make health insurance less expensive, said Kevin Counihan, chief executive officer of HealthCare.gov. Yet millions of people in the crucial 18-to-34 demographic remain uninsured.

Federal health officials are also encouraging people who dropped coverage during the past year or remain uninsured to come back to shop for a new health plan or look for a better deal.

More than 1 million—and perhaps as many as 2 million—existing customers will be forced to select new coverage this open-enrollment period because their health insurers dropped out of Obamacare for 2017, according to published reports.

Analysts say it's important for new and existing consumers to compare not just premiums but out-of-pocket costs, provider networks and prescription drug coverage, because these features can change every year.

"This year it's definitely more of an imperative that everyone goes back and shops," said Chris Sloan, a senior manager at Avalere Health, a Washington, D.C.-based research and consulting firm.

When it comes to premiums, 'It depends where you live'

The average consumer shopping for coverage on HealthCare.gov will have a choice of health plans from three insurers, says the U.S. Department of Health and Human Services (HHS).

But the shakeup in the insurance marketplaces has left some buyers with decidedly fewer options.

Roughly one in five (21 percent) people will have just a single insurer offering health plans in their market, HHS says.

Many consumers have fewer choices in 2017 because several major insurers pulled out of many Affordable Care Act marketplaces. UnitedHealth Group, the nation's largest insurer, is exiting Obamacare in 16 states. Other Obamacare dropouts include Aetna Inc., Humana, and Blue Cross Blue Shield plans in Tennessee and Nebraska.

Two of North Carolina's three insurers have left the state's Obamacare marketplace for 2017, displacing 284,000 people, according to published reports.

Rates for 2017, meanwhile, are all over the map. Minnesotans will see premium increases of 50 percent to 67 percent, on average. In Pennsylvania, the average increase is 32.5 percent. In Michigan, it's 16.7 percent; in California, 13.2 percent.

There are also areas of the country where premiums are staying steady, McAndrew added. "It depends on where you live," she said.

Lower-income Americans are buffered to some extent from health plans' higher sticker prices because they qualify for federal tax credits.

"The lower your income, the more generous your financial assistance would be," said Elizabeth Hagen, a senior policy analyst with Families USA.

In 2017, that help is available to people with household incomes up to $47,520 for an individual and $97,200 for a family of four.

Tax credits, along with consumers' ability to shop around, are designed to give people affordable coverage options, according to HHS.

After those subsidies, more than seven in 10 current enrollees can find a plan for $75 or less per month, HHS says. Nearly eight in 10 can buy a plan for $100 or less, after tax credits, the agency says.

Marketplace tax credits adjust year-to-year to match changes in a consumers' "benchmark" silver plan.

Benchmark plans are the second-lowest cost silver health plans in a marketplace. The prices of these plans are used to determine the premium tax credits available to help consumers with low or modest incomes buy coverage.

For example, a 27-year-old making $25,000 a year will, on average, qualify for a $160 monthly tax credit, paying out $142 a month for a benchmark plan in 2017, HHS says. The same plan would have cost that young adult $143 last year, according to the agency.

Last year's benchmark plan may have jumped in price or no longer be available. Consumers must shop around to make sure they're getting the most for their money.

"Now, not everybody does that," said Avalere Health's Sloan. "Some people like a plan because it includes their doctor or it covers their drugs, and so they can't just go and switch. Those people, they're going to pay more of an increase," he added.

And buyers who don't qualify for subsidies? They could get stuck with higher rates, analysts say.

Shopping essentials

Here are some things to keep in mind this open-enrollment period:

- Most U.S. citizens must have proof of acceptable health insurance coverage. Otherwise, they may have to pay a fine, or penalty. People who skipped coverage in 2016, for example, will face fines of $695 or 2.5 percent of their income, whichever is greater, when tax season rolls around. For tax year 2017, the percentage remains the same, but flat-rate fines will be adjusted for inflation. That amount has not been announced.
- Some buyers in HealthCare.gov states may notice a new feature. Beginning this year, health plans have the option to offer so-called "simple choice plans." These health plans provide a uniform set of benefits. They're designed to make it easier for consumers to compare one plan against another. And unlike traditional insurance plans, they'll pay for some health care services before the deductible is met.
- Consumers may enroll online, on the phone, via paper application, or in person with the help of a trained assister or certified insurance broker or agent. Go to HealthCare.gov to find your state marketplace.

The new enrollment period ends Jan. 31, 2017.

More information: To learn more about the Affordable Care Act, visit the U.S. Department of Health and Human Services.

To read about predictions on price hikes and enrollment figures for Obamacare in 2017, read this HealthDay story.