

## Around round of premium hikes brewing: blame Trump or Obama?

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In this March 21, 2017 file photo, President Donald Trump, followed by Health and Human Services Secretary Tom Price, leaves Capitol Hill Washington. It's looking like another year of big premium increases and dwindling choice for many consumers who buy their own health insurance, but why, and who's to blame? President Donald Trump has seized on early market rumbles as validation of his claim that "Obamacare" is collapsing. (AP Photo/J. Scott Applewhite, File)

Another year of big premium increases and dwindling choice is looking like a distinct possibility for many consumers who buy their own health insurance—but why, and who's to blame?

President Donald Trump has seized on early market rumbles as validation of his claim that "Obamacare" is a disaster, collapsing of its own weight. Democrats, meanwhile, accuse Trump of "sabotage" on a program he's dissed and wants to dismantle.

It's more complicated, say some independent experts. Trump inherited some problems and risks making things worse.

Many insurers in the subsidized markets created by the Affordable Care Act are still struggling to overcome financial losses. The cost of care for their new customers turned out higher than expected, a fundamental factor driving premiums higher and nudging some insurers to the exits next year.

But the Trump administration has also sent mixed signals that insurers find unsettling. A market stabilization regulation gave the industry changes it wanted. However, insurers' top priority has become a political football. Trump keeps hinting he might stop paying billions of dollars in subsidies to reduce deductibles and copayments.

Insurers are also worried that under Trump the IRS will ease up enforcing the health law's unpopular requirement that most individuals have coverage, seen as driving healthy people into the market. Finally the GOP legislation in Congress would cut private insurance and Medicaid subsidies indirectly flowing to the companies.

The impact will vary by state and insurer, but "I think it is the case that the uncertainty we are dealing with is adding to the premium increases this year," said Cori Uccello of the American Academy of Actuaries,

which represents experts who make long-range cost estimates for health care and pension programs.

New York is the latest state where some are predicting double-digit hikes as insurers begin unveiling premiums for 2018. Nationally, about 20 million people buy their own health insurance policies. Roughly half receive subsidies through the ACA marketplaces, and are cushioned, but the rest will face the brunt of increases. In the latter group are many early retirees, self-employed professionals and small business owners—a traditional Republican constituency.

In Virginia, seven insurers are seeking average premium increases that range from just under 10 percent to more than 50 percent. Kurt Giesa, a partner with the Oliver Wyman consultancy, said such a wide spread signals to him that some insurers may be pricing for political uncertainty.

"Insurers are operating under a lot of uncertainty right now, and really, the uncertainty isn't being cleared up," he said. "The administration isn't clearing up the uncertainty." Virginia state officials declined to comment.

Standard & Poor's analyst Deep Banerjee had earlier forecast relatively modest increases. Now he's not so sure. "There is a cloud of uncertainty that is hanging over 2018," he said.

In Maryland, where five insurers are seeking increases that average from 18 percent to nearly 59 percent, Insurance Commissioner Al Redmer, Jr., says he's told insurers he's not inclined to make any allowances for political uncertainty.

"Trump hasn't been in office for three or four years, and for anybody to try to point to him as the problem, that's either falsifying history or delusional," said Redmer, a Republican. The fundamental factors are

sicker customers and higher operating costs, he added. "Congress needs to put aside partisan differences and fix the ACA."

Pennsylvania Insurance Commissioner Teresa Miller said she's not expecting price shock in her state, but she's convinced the Trump administration isn't helping. "They would rather destabilize the markets and see them fail," said Miller, appointed by a Democratic governor.

If that is Trump's strategy, it could well fail. In a recent poll by the nonpartisan Kaiser Family Foundation, 75 percent said his administration should do what it can to make the health care law work. Three out of five said Trump and the Republican Congress are responsible for any future problems.

In Tennessee, the CEO of a major insurer says political uncertainty has the potential to raise premiums.

"Given the potential negative effects of federal legislative and/or regulatory changes, we believe it will be necessary to price-in those downside risks, even at the prospect of a higher-than-average margin for the short term," JD Hickey of BlueCross BlueShield of Tennessee wrote to Insurance Commissioner Julie Mix McPeak earlier this month.

Translation: Part of the company's premium request may reflect the impact of uncertainty, even if that means the insurer would take in more money than it needs to cover claims and expenses.

In a statement, the Trump administration said the problems lie with the ACA, not its own stewardship. "It requires impressive mental gymnastics to make the case that Obamacare is working," said spokeswoman Alleigh Marre.

But former President Barack Obama's Medicare administrator said

Trump is deliberately trying to make things worse.

"This is purposeful so that the president can create a crisis and use that to force the Congress to pass his law," said Andy Slavitt. "He's holding the match."

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