

California health premiums to rise an average 12.5 percent (Update)

August 1 2017, by Jonathan J. Cooper

Monthly premiums for California health insurance plans sold under former President Barack Obama's health care overhaul will rise by an average of 12.5 percent next year, officials said Tuesday.

A major insurance carrier will also stop offering the plans in most of the state, forcing about 10 percent of people insured through Covered California to buy a new plan. Anthem Blue Cross will continue offering plans only in Santa Clara County and parts of Northern California and the Central Valley.

Covered California's announcement on 2018 pricing comes at a time of extreme uncertainty about the future of the U.S. health care system. A Republican plan to unwind key pieces of the Affordable Care Act failed in the U.S. Senate last week, but President Donald Trump has repeatedly urged lawmakers to keep working on it. Trump has threatened to end payments that insurance companies receive to keep down out-of-pocket costs for lower-income consumers.

Premiums for consumers on "silver tier" plans, the most popular, could spike even more if those subsidies are taken away, officials said.

The average 12.5 percent increase is down just slightly from last year, when premiums rose by more than 13 percent. Consumers could lower their increase to about 3 percent if they switch to the lowest-priced plans, officials said. Insurance plans for next year will be available for purchase in California between Nov. 1 and Jan 31.

Covered California sells health plans to about 1.4 million people who don't get coverage from an employer or from the two large government-funded programs, Medicare and Medi-Cal. The exchange is a central piece of Obama's health insurance overhaul, allowing people to compare policies and collect a subsidy if they qualify based on income.

Trump maintains that Obama's health law is "imploding" and must be fixed, pointing to rising costs and declining choices in the individual insurance market. A handful of rural counties around the country have been left without any insurers offering plans through Affordable Care Act marketplaces and many others have just one option.

California has seen costs rise—insurers here raised their premiums by more than 13 percent on average last year—but it's maintained a competitive marketplace with several competing options for consumers statewide. All 11 existing insurers will continue to provide coverage next year, although Anthem is significantly reducing its coverage.

Costs tend to vary significantly across the state, with higher prices in Northern California where consolidation among hospitals and doctors has given them more leverage to negotiate higher payments from insurers.

Obama's health care law provides two kinds of subsidies to help keep costs down for people with low to moderate incomes. Tax credits reduce monthly premiums for people who qualify. And payments to insurance companies cover a portion of their out-of-pocket costs, reducing the high deductibles and copays that are standard for plans in the individual market.

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Citation: California health premiums to rise an average 12.5 percent (Update) (2017, August 1)

retrieved 19 September 2024 from

<https://medicalxpress.com/news/2017-08-california-uncertainty.html>

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