

Utah Health Insurers Raise Rates to Offset Losses in Individual Market

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Link: <http://kuer.org/post/utah-health-insurers-raise-rates-offset-losses-individual-market>

Audio: http://cpa.ds.npr.org/kuer/audio/2015/10/Insurance_WEB.mp3



Utahns who buy their health insurance through the federal exchange can expect substantial rate increases next year. The Utah Insurance Department updated the state Health Reform Task Force on the changes Thursday.

On average, the insurance companies in Utah who offer plans on healthcare.gov, are raising their rates almost 22 percent. Utah Insurance Department actuaries say companies underestimated the pent up demand for healthcare and the cost of insuring the more

than 126,000 Utahns who signed up. Two companies, Altius and BridgeSpan, will no longer be offering plans on the individual marketplace.

“The individual market, I think is headed toward catastrophe,” says Republican Representative Dean Sanpei of Provo and Assistant Vice President of Intermountain Health Care. “Either rates are going to become so exorbitant, they’re going to be cost prohibitive for anybody in that market and/or you’re going to have all the payers dropping out because they can’t absorb the losses.”

The [Utah Insurance Department estimates](#) that companies operated at a loss ratio of about 137 percent last year. But because of reinsurance – it was closer to 112 percent. State Assistant Insurance Commissioner Tanji Northrup says companies can’t sustain those kinds of losses every year.

“If they continue that, you will have a collapse of the individual market, and there will be no individual insurance to purchase,” Northrup says, but she doesn’t see that happening. “I think the insurers manage their premiums very well in our market and they will watch them and they will price as they need to.”

Northrup expects rates to go up again in 2017, but she thinks the market could stabilize by 2018. Next year, there are five insurers offering plans on the individual market in Utah. They’ve lost two, but added a new one – from the University of Utah. Northrup encourages everyone on the market to review the options. Premiums are going up, but tax credits to offset those costs will increase as well.

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