

Utahns' health-insurance premiums to soar in 2016

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Medical insurance rates are going up steeply next year for Utahns who get their insurance via brokers and the federal exchange, healthcare.gov.

On average, insurance rates will be 22 percent higher next year, the Legislature's Health Reform Task Force learned Thursday afternoon.

But how much a person or a family will pay depends on the plan they choose, where they live and the size of federal subsidy they can get.

The price of an average insurance plan for a 21-year-old will go up 13 percent to nearly \$165 per month in Salt Lake County. But a 21-year-old living in Rich County will see a hefty 44 percent price hike to nearly \$228 per month.

That 21-year-old won't know the size of her subsidy until she logs in at healthcare.gov on or after Nov. 1, when open enrollment begins.

Two companies have stopped offering insurance through the federal exchange, but the University of Utah will offer insurance on and off the exchange for the first time, at least in nine counties along the Wasatch Front and Wasatch Back.

Just as those in rural Utah will pay more, they will have fewer choices if they buy their insurance on the exchange.

In 20 of the state's 29 counties, people can choose health plans from two companies: Intermountain Healthcare's SelectHealth and Arches, a member cooperative.

The steeply higher prices — and the revelation that insurance companies paid \$1.37 in claims for every \$1 they took in from premiums last year, the first year of the Affordable Care Act — prompted stark predictions from lawmakers. Federal reinsurance covered a portion of the losses.

"The individual marketplace is headed to catastrophe," said Rep. Dean Sanpei, R-Provo.

An actuary for the Utah Department of Insurance, Jaak Sundberg, agreed that insurers' profits suffered during the rollout of the Affordable Care Act, also known as Obamacare. The biggest factor, he said, was that insurers had no history to rely on when they set rates back in 2013 and they miscalculated how costly it would be to provide medical care to people who were mostly uninsured before. There was a lot of demand, he said.

Sundberg said he expected even higher price hikes, and he expects high price increases again in 2017.

Tanji Northrup, Utah's assistant insurance commissioner, said she expects the markets to settle down in 2017 and 2018, with less spiking of insurance costs.

Many of the member co-ops that sprouted up to provide insurance when Obamacare began are now failing. Lawmakers heard Thursday that co-ops in nine states are closing their doors.

Utah's co-op, Arches, is the second-largest insurer on the state exchange, behind SelectHealth. Arches insures 63,500 Utahns through about 36,000 policies.

While Arches is not "out of the woods," President Nathan Johns said Thursday, the company will continue to offer a range of plans to individuals and families on and off the federal exchange.

Arches' insurance premiums, however, will rise more steeply than other more deep-pocketed companies'.

Arches plans will cost consumers nearly 43 percent more on average next year.

Kelly Peterson, product director of the University of Utah Health Plans, said it "definitely worked in our favor" to let things shake out before entering the individual markets.

She doesn't see a catastrophe looming. The U. would not get into the business of selling insurance to individuals and families if it didn't believe there's money to be made in that market, she said.

The U. has been in the insurance business for about 15 years, and it has 155,000 members in its health plans, but those are people covered by Medicare, Medicaid or self-funded employers.

Northrup said consumers should not automatically renew their policies, because there may be less-costly options on the federal exchange.

Federal subsidies are available to people making up to 400 percent of the poverty line, although there is a hole — those making 101 percent to 138 percent of the poverty line — comprising people who don't qualify for a subsidy. That's because Utah has not expanded Medicaid, as was envisioned when Obamacare was passed. The assumption was that those people would be on an expanded Medicaid programs.

Matthew Slonaker, executive director of the Utah Health Policy Project (UHHP), said that though the rates are higher, it's important to remember that the majority of Utahns using the federal exchange get subsidies.

About 66 percent of Utahns got tax credits when they signed up at healthcare.gov for this year's insurance.

The average subsidy is \$209 per month for the 126,784 who are signed up for this year.

"Rate increases are never good for the consumer, but there are offsets," Slonaker said.

The amount of subsidies is based on the benchmark plan, the one considered average in cost and benefits.

UHHP and its partners have 100 experts across the state who can help people sign up for insurance on the exchange. Information is available at takecareutah.org or by dialing 211.

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