

# Federal marketplace plans in Utah post significant rate increases

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SALT LAKE CITY — Federal marketplace insurance plans that took on previously uninsured Utahns in recent years are not able to pay the bills, as newly insured individuals have used the system more than was estimated.

The plans likely underestimated the risk new patients might bring and have endured a shortfall in funding this year because of it.

At least two insurers have left the marketplace, and residents in more rural parts of the state will have only a few plans to choose from for 2016 coverage. All of the plans have increased their premiums, ranging from about 16 percent to 45 percent.

"A lot of it is due to pent-up demand," said Jaakob Sundberg, an actuary for the Utah Insurance Department, who divulged the new rate increases to the state's [Health Reform Task Force](#) on Thursday. "We assume that everyone who came into a new plan hadn't seen a doctor in a long time. They're using doctors at a higher rate than most people."

The increases apply to the approximately 128,000 Utahns who purchase insurance through [www.healthcare.gov](http://www.healthcare.gov), not those who are covered on employer-based plans, or those on Medicaid, Medicare, Tricare or Utah's Public Employees Health Plan.

Sundberg said companies "could not have guessed" what kind of risk a newly insured population would bring.

"There were a lot of unknowns in that market," he said.

Use rates are expected to level off, leading to more sustainable costs, but that remains to be seen, Sundberg said, adding that alternatively, sharp increases could continue in the coming years.

Other factors leading to increased premiums for marketplace plans might include rising prescription drug costs, a legislative mandate for Utah plans to cover the treatment of autism, and the state's failure to expand Medicaid to an otherwise costly population of patients.

"These rate increases are not good for the consumer, and we know where they're coming from," said Matt Slonaker, executive director of Utah Health Policy Project, a nonprofit advocacy group for the uninsured.

Slonaker said most people who sign up for a plan using the federal insurance marketplace are receiving federal subsidies to help pay for their plans.

"And for most people, those subsidies will keep up with the rate increases," he said, adding that individuals earning above 250 percent of the federal poverty level will likely feel it the most.

Enrollment for 2016 plans begins Nov. 1, and Slonaker said he encourages people to "shop around" for the best policies. Utahns can get help finding the best plan for their needs by visiting [www.takecareutah.org](http://www.takecareutah.org) or calling 211 for the human services network.

"People might want to switch plans," Slonaker said, adding that the plans are competitive, offering various services. And, he said, some plans didn't post much of an increase at all, which might make them more desirable.

Plan prices also vary depending on a person's age, whether they smoke and where they live, as availability of care varies throughout the state. Slonaker said premiums were already rising at least 10 percent every year.

Some Utah lawmakers are concerned that the federal government is not helping the co-op plans like it promised when the Affordable Care Act was passed. The federal government is removing programs it created to help plans manage the risk of insuring a new and potentially sicker-than-average population, including reinsurance and risk corridor protocols.

Insurers received just 12.6 percent of the \$2.87 billion requested from feds to cover costs above what they anticipated, according to Sundberg. But companies are receiving risk adjustment monies to make up for some of the lost claims.

"You have to think about the long-run," Slonaker said. "It's going to take a few years to see this play out."

He expects the risk pool to even out in the future, not only because the sicker-than-average population will be getting the help it needs, but also because healthier people will be forced into the marketplace as their plans are phased out.