Obamacare Prompts Insurers to Drop Hundreds of Thousands From Coverage

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Nearly a month after its rollout, the Affordable Care Act (ACA) web site is still plagued by massive technical problems. Despite the government's initiation of a "tech surge" to resolve the situation at HealthCare.gov, the Obama administration has indicated the problems will not be resolved until the end of November.

As the fallout continues over the disastrous launch of the web site, the White House has yet to release figures on how many people have actually been able to access the site, register and enroll for coverage.

In recent days, it has come to light that the Affordable Care Act, commonly known as Obamacare, is provoking another health insurance crisis. Private insurers are sending hundreds of thousands of cancellation letters to people who presently buy their own coverage and substantially raising the cost of premiums for new policies. Many of these people are being forced onto the federal insurance exchange at HealthCare.gov.

Under the legislation signed into law in 2010, individuals and families that are not insured through their employer or through a government program such as Medicaid or Medicare must obtain insurance or pay a penalty. Beginning January 1, 2014, the ACA also requires policies sold on the so-called "individual market" after March 2010 to cover ten "essential" benefits, such as preventive care, prescription drugs, mental health treatment, and maternity care.

The main reason insurers are canceling their coverage is because the plans do not meet these ACA standards. By forcing some of these more healthy self-insured people onto the insurance exchanges set up under Obamacare, the government and private insurers hope that the lower cost of covering them will offset the cost of providing insurance to those with preexisting conditions and other less-healthy individuals.

The Obama administration's oft-repeated pledge that "if you like your plan, you can keep it," is being exposed as a fraud for hundreds of thousands of the estimated 14 million Americans who purchase their own insurance because they don't receive it through their job. These people are finding out that new coverage through their present insurer will be much more expensive, and that in most cases insurance offered through the insurance exchanges set up under Obamacare will either have more costly premiums or will include large out-of-pocket costs, while limiting choices. Many of these people will not be eligible for subsidies through Obamacare.

Insurance companies began sending out cancellation notices in August.*Kaiser Health*

News reports that insurer Florida Blue is terminating about 300,000 individual policies in the state, about 80 percent of the total. Kaiser Permanente in California has sent termination notices to some 160,000 people, about half of its individual market business.

Blue Shield of California has sent out about 119,000 cancellation notices. Blue Shield spokesman Steve Shivinsky reports that about two thirds of these policyholders will see rate increases in their new policies.

In Pennsylvania, insurer Highmark is dropping about 20 percent of its individual market customers in Pittsburgh, while Independence Blue Cross, the major Philadelphia insurer, is dropping about 45 percent. According to*Kaiser Health News*, both Independence and Highmark are canceling "guaranteed issue" policies sold to customers who had preexisting medical conditions when they signed up for coverage. While the ACA is supposed to guarantee that people with preexisting conditions cannot be denied coverage or be charged more for it, it appears that some insurers are doing precisely that.

Kaiser reports the case of Kris Malean, 56, who lives outside Seattle, Washington and received a cancellation notice from her insurer, Regence BlueShield. Her present policy costs $390 a month with a $2,500 deductible and $10,000 in potential out-of-pocket costs for doctor visits, prescriptions, hospital care and other services. As a replacement, Regence BlueShield is offering her a plan costing $79 more a month, with a deductible twice as large, but which limits potential out-of-pocket costs to $6,250 a year.

Los Angeles real estate agent Deborah Cavallaro received a cancellation notice from Anthem Blue Cross this month, the *Los Angeles Times* reports. Her insurer told her that a comparable Bronze plan on the federal insurance exchange would cost $484 a month, or about 65 percent more than her present policy. Cavallaro says she will most likely go uninsured because she cannot afford the increase.

Obama also promised that the ACA would mean reduced premiums and would "cut the cost of a typical family's premium by up to $2,500 a year." Many of those who opt to stay with their current individual plans, however, are seeing big premium hikes. Debra J. Sauders reports on her blog at the *San Francisco Chronicle* on a local architect who received a notice from Kaiser Permanente that his individual coverage will increase by $199.95 a month, or almost 80 percent. When coverage for his two sons is factored in, the increase is even greater.

In a related development, a CBS News analysis found that in many of the 15 health exchanges operated by the states, as opposed to the federal government, more people are enrolling in Medicaid than buying private insurance. If younger, healthier people do not sign up in sufficient numbers, insurers are certain to hike premiums to offset the cost of insuring older, less healthy enrollees.

The main driver of the policy cancellations and rate increases is that while Obamacare requires that individual insurers offer a certain level of coverage, and that customers cannot be discriminated against due to preexisting medical conditions, there is no meaningful oversight on what the private insurers can charge for their policies.

While the government-run Medicare program for the elderly and disabled and the Medicaid program for the poor—the latter jointly administered by the federal government and the states—involved a certain encroachment on the private insurance market, the Affordable

Care Act is the opposite. From the beginning, it has been entirely tailored to the interests of the private insurers and aimed at slashing costs for the government and corporations while reducing care for the majority of ordinary Americans.

The price hikes by insurers in the individual insurance market, as well as the "sticker shock" many are experiencing on HealthCare.gov if they are actually able to log in, are the inevitable result of a program that proceeds from the interests of the giant insurers, pharmaceuticals and health care chains. Insurance companies will respond to any infringement on their profits connected to provisions of the ACA by either dumping customers or raising their premiums.