Written by **Michael Tennant** on February 15, 2017

Humana to Depart ObamaCare Exchanges in 2018

In yet another sign of trouble for ObamaCare, Humana Inc., one of the nation's largest health insurers, announced Tuesday that it will be exiting the individual-insurance market, including the ObamaCare exchanges, in 2018.

"Based on our initial analysis of data associated with the company's healthcare exchange membership following the 2017 open enrollment period, we continue to see further signs of an unbalanced risk pool," Humana CEO Bruce Broussard said on a conference call with analysts Tuesday. "Therefore, the company has decided that it cannot continue to offer this coverage for 2018."

Humana, based in Louisville, Kentucky, had already pulled out of most states' exchanges because of mounting financial losses. Last August it announced that it would reduce its footprint from 1,351 counties in 19 states to just 156 counties in 11 states this year. Now it says even that small amount of coverage is too costly to maintain.

Humana expects to lose $45 million on individual plans covering about 152,000 people this year. "But," reported CNBC, "it cautioned that this is an early estimate and 'a number … that we're going to have to evaluate.'"

In addition to an "unbalanced risk pool" — that is, too many sick people applying for coverage — the company said it was "already seeing higher-than-exepected [sic] pharmacy use and admissions among enrollees" for 2018, according to CNN. All of this is a direct result of ObamaCare's mandate that insurers accept all comers and charge them roughly the same rates regardless of their health.

Another factor in Humana's decision appears to be the federal government's refusal to permit it to merge with Aetna, another health-insurance company. Humana announced its 2017 exchange cutbacks the very day the Justice Department sued to prevent the merger. The government prevailed in court in January, and the two companies announced they would no longer seek to merge just hours before Humana said it was pulling out of the individual market altogether. The same day, health-insurer Cigna filed a lawsuit against Aetna for $13 billion in damages after the feds also blocked a merger of those two companies.

President Donald Trump jumped on the news of Humana's departure from the individual market, tweeting, "Obamacare continues to fail…. Will repeal, replace & save healthcare for ALL Americans."

Unfortunately, the slow progress toward achieving Trump's objective may be another cause for Humana's decision. "Insurers are complaining loudly about the uncertainty surrounding what will happen in the coming years, even though many states' exchanges have showed some signs of stability," wrote the *New York Times*. "Several major insurers have said they cannot begin to decide whether to

offer coverage next year until the government clarifies if and how it plans to change the rules."

The Trump administration is expected soon to offer some new rules that it hopes will keep insurers in the exchanges while Congress works on an ObamaCare replacement. Broussard said he didn't think it would be enough to get Humana to reconsider its decision. "I think with that particular program, the way it is designed today and most likely the way it is designed in the future, will limit our ability … to get back into that marketplace," he explained.

Noting that Humana had been scaling back its presence in the exchanges for some time, Gary Claxton, a policy analyst at the Kaiser Family Foundation, told the *Times* "it was not clear how much the current uncertainty might have affected the company's thinking."

Still, others believe Humana's pullout could be the beginning of a major exodus from the exchanges. Georgetown University research professor Sabrina Corlette, who studies the healthcare market, told the *Times* that Humana's move "could be a harbinger of things to come."

"These insurance companies are having to make business decisions in an environment of great uncertainty," Corlette said. "They're not required to participate in these markets."

Aetna and Anthem have both expressed concerns over the current state of the market as well as what Republican plans might hold for it, saying they are evaluating their continuing participation in the exchanges. According to *Politico*, Aetna "late last month warned that the individual insurance market is deteriorating and that it planned to shed most of that business. In early February, Aetna officials including [CEO Mark] Bertolini met with Senate Majority Leader Mitch McConnell to discuss the GOP's health reform efforts."

Of course, the fewer companies selling individual insurance, the less competition there will be. Already there are dozens of counties across the country in which only one insurer participates in the exchange. The *Tennessean* reported that Humana's departure will leave only one insurer in the greater Nashville and Memphis areas and none at all in the Knoxville area. UnitedHealthcare has already left the state, and BlueCross BlueShield has abandoned the three metropolitan areas.

Moreover, as Hot Air points out, "Whatever Humana is seeing must be obvious to the other big players in the industry as well. Those who choose to stay in the market next year (assuming it hasn't been repealed) can expect to pick up all of the sicker-than-expected customers Humana is now leaving behind. So expect another round of premium spikes next year for whoever is left on the exchanges." Further departures from the exchanges are likely to follow.

ObamaCare promised precisely the opposite of all this. Americans were supposed to have more competition among insurers and lower premiums — up to $2,500 lower for a family of four, President Barack Obama said repeatedly — while the individual and employer mandates were supposed to help pay for the cost of covering the newly insured sick. As critics predicted, none of these promises has come to pass.

Republicans now have a golden opportunity to rid Americans of this horrific, unconstitutional law. May they do so with alacrity.

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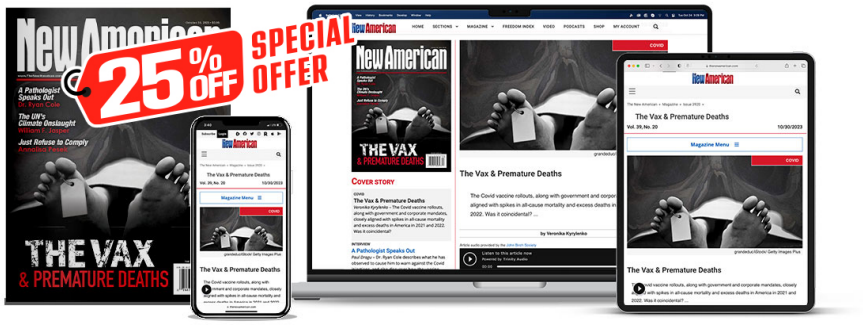

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