Written by **Michael Tennant** on November 18, 2014

ObamaCare in 2015: Premiums and Penalties Up

The Affordable Care Act (ACA), which President Barack Obama once promised would "lower [health insurance] premiums by up to $2,500 for a typical family per year," is instead going to cost the average family significantly more for coverage next year unless that family switches to another plan — and even then, in many instances, premiums will still increase. So will the penalty for not having coverage, meaning that many Americans will be faced with the unenviable choice of either paying higher premiums or getting smaller income-tax refunds.

Certainly the Obama administration doesn't consider the rate hikes a positive. Centers for Medicare and Medicaid Services administrator Marilyn Tavenner's assertion that the data shows "the Affordable Care is working" notwithstanding, the administration wouldn't have released that data on Friday, when it would likely get buried in the weekend news cycle, if the White House had wanted to call attention to it.

According to the *New York Times*, "The data … indicates that price increases will be modest for many people willing to change plans. In a typical county, the price will rise 5 percent for the cheapest silver plan and 4 percent for the second cheapest." In other words, even if an individual is willing to change plans, his rate will go up — just not as much as it would if he stuck with the same plan.

The paper cited one example based on its analysis of the data:

> A 40-year-old in Nashville, with the cheapest midlevel, or silver plan, will pay $220 a month next year, compared to $181 a month this year, for the same plan.
>
> The least expensive plan is offered by another insurer, Community Health Alliance, one of the so-called co-op plans created under the federal law. It offers coverage for a monthly premium of $194.
>
> But the lower premium means that consumers will have to pay a much larger annual deductible, $4,000, rather than $2,000. A policyholder who becomes seriously ill or has a costly chronic condition could pay hundreds of dollars in out-of-pocket expenses.

Other cities and states may not be as fortunate as Nashville. Those with fewer insurers in the exchange can expect steeper rate hikes even for those who change plans. "Prices for the lowest-cost silver plan increased by at least 5 percent in 89 percent of the counties with a single insurer," the *Times* found. "About a quarter of counties with one or two insurers saw an increase in rates of more than 10 percent." That's because many of last year's low-cost providers are raising their rates significantly this year (suggesting that many of their new beneficiaries are, as critics predicted, costly to cover), and unless competitors are rushing into an exchange with lower premiums, consumers have little choice but to pay up.

Another investigation into ObamaCare premiums also uncovered significant increases. An *Investor's Business Daily* analysis of rates in the largest city in each of 34 states participating in the federal exchange "found that for a 27-year-old earning 250% of the poverty level, the lowest-cost bronze plan, including any subsidies, would rise an average 7%. The lowest-cost silver plan in these 34 cities would rise an average 9%, while the cheapest unsubsidized catastrophic policy would jump almost 18%."

A study by the Kaiser Family Foundation, however, came to a somewhat different conclusion. The Kaiser report indicates that, on average, premiums for ObamaCare's benchmark silver plan — the plan on which premium-assistance subsidies are based — are falling by an average of 0.2 percent across 48 major cities. (This being an average, there is wide variation among cities, with some experiencing double-digit rate hikes and others seeing their rates fall by similar percentages.) Kaiser did find, though, that bronze plan rates are on the rise, increasing by 2.7 percent on average.

While the lower silver rates seem like good news, their effect on the subsidies is bad news for anyone getting subsidized coverage under another plan. His subsidy may shrink even if his premium goes up, forcing him either to pay more or to change plans.

Doing without coverage, of course, is not an option under the ACA. In fact, it is much less of an option in 2015 than in 2014 because the penalty for not maintaining coverage is more than tripling next year. In 2014, the penalty for not having coverage was $95 per person or one percent of household income, whichever is greater. In 2015, the penalty jumps to the greater of $395 per person (with children penalized half that amount) or two percent of income, with a maximum under the flat-rate method of $975 per family.

The flat-rate penalty "will affect lower-income or middle-income households," Laura Adams of InsuranceQuotes.com told CBS News. Some middle-class families, she explained, "may be making enough that they don't qualify for a subsidy, so they won't get a break if they are getting health coverage. It's a big penalty for the middle class for not having insurance."

"I think a lot of people are going to be in for a shock," she said.

Those who have already experienced ObamaCare shock are still reeling from it. According to Obama administration enrollment figures, one million people have dropped their exchange coverage since April. A recent Bankrate survey of the remaining enrollees found that over half say they won't buy exchange coverage next year, with those earning at least $75,000 — and therefore not getting significant subsidies — most likely to jettison coverage. And the October Kaiser Health Tracking Poll found that just 36 percent of Americans have a favorable view of the ACA, while 43 percent have an unfavorable view.

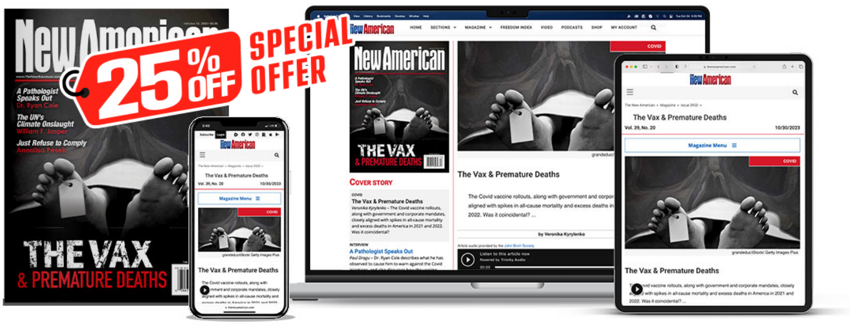
Simply put, Americans have never liked ObamaCare; and as long as the law — as it must — continues to hike insurance rates and to penalize people for making rational financial decisions, they probably never will.

Subscribe to the New American

Get exclusive digital access to the most informative,
non-partisan truthful news source for patriotic Americans!

Discover a refreshing blend of time-honored values, principles and insightful perspectives within the pages of "The New American" magazine. Delve into a world where tradition is the foundation, and exploration knows no bounds.

From politics and finance to foreign affairs, environment, culture, and technology, we bring you an unparalleled array of topics that matter most.



Subscribe

What's Included?

24 Issues Per Year
Optional Print Edition
Digital Edition Access
Exclusive Subscriber Content
Audio provided for all articles
Unlimited access to past issues
Coming Soon! Ad FREE
60-Day money back guarantee!
Cancel anytime.