



## ObamaCare Will Cause Skyrocketing Premiums, Insurers Tell House Panel

America, get ready for “massive” health insurance premium increases next year, courtesy of ObamaCare: That’s the message of a new [report](#) from the House Energy and Commerce Committee.

“Consumers purchasing health insurance on the individual market may face premium increases of nearly 100 percent on average, with potential highs eclipsing 400 percent,” the report claims. Businesses, it says, will face smaller but still quite significant rate hikes as well.



This is not simply political grandstanding from the Republican-run panel. The report is based on data provided to the committee by 17 of the nation’s largest insurance companies, who ought to know better than anyone else how much premiums are likely to rise when the Patient Protection and Affordable Care Act (PPACA) is fully implemented in January.

That full implementation, the committee argues, is the main cause of the expected rate hikes:

As the documents provided by the insurers indicate, the primary reason costs will increase is that the PPACA requires insurers to provide increased services and benefits while, at the same time, it limits their ability to charge consumers based on age or health status. The minimum coverage requirements will increase premiums for those who had previously purchased less robust coverage, while “the infusion of less healthy individuals into the risk pool” will compound premium increases. While the end of gender rating may decrease premiums for younger women, other populations including older women and men will see rates go up even with narrower age rating bands. Meanwhile, insurers’ inability to offer younger and healthier individuals lower priced plans will result in dramatic premium increases for young adults.

Individuals buying insurance on their own rather than obtaining it through their employers will take the biggest hit. All but five states are expected to experience significant premium increases in the individual market as less healthy individuals obtain coverage at the same rates as the healthy. According to data provided by one insurer, “the total average change due to the PPACA for new business in the individual market will be a 96 percent increase in premiums,” the report states. “Existing customers can expect an average increase of 73 percent” if their plans change, as many will in order to comply with the law. However, as the committee notes, these are only averages. When ObamaCare’s mandated benefits and age rating are taken into account, some new customers could be looking at *413-percent* rate hikes. (Maryland’s largest insurer of individuals has already requested a [25-percent premium jump](#) for 2014.)

Of course, these increases are not spread equally across all customers. Young adults, especially males, can look forward to the greatest increases. Because the PPACA only permits older adults to be charged three times as much as younger adults for the same coverage, young people’s premiums will have to



Written by [Michael Tennant](#) on May 15, 2013

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rise precipitously. For young males, who tend to have the lowest rates, one insurer forecasts a whopping 180-percent jump, meaning a policy that now costs \$51 a month will instead cost almost \$144 a month under ObamaCare.

Federal subsidies, which apply on a sliding scale to families making up to 400 percent of the federal poverty level, will soften the blow of rate hikes for some. However, in California at least, those ineligible for such subsidies “will likely be subject to large rate increases,” one insurer told the House panel.

Small businesses, which purchase insurance for their employees on the small-group market, are also going to feel the pinch. One insurer told the committee that small businesses in “nearly all states will see premium increases” under ObamaCare. On average, small businesses can expect to experience rate hikes of as much as 50 percent, though one insurer offered an example of an Indiana plan whose premiums could more than double.

The PPACA’s attempts at assisting small businesses, meanwhile, are likely to be “inadequate,” says the report. The law’s tax-credit program “is temporary and very small,” one insurer observed. On top of that, the small-business insurance exchange whose purpose was to provide employees of such businesses with a variety of health plan options has been [delayed](#) a year, meaning that some small-business employees may be left with a single plan from which to select — a Hobson’s choice if ever there was one.

Large businesses will not escape ObamaCare’s clutches either. Those that purchase large-group coverage (as opposed to being self-insured) are likely to see their premiums increase, though perhaps not as much as individuals or small businesses. Insurers are estimating large-group rates will rise by 15 to 25 percent.

In addition to the mandates and restrictions, one other major factor driving up insurance costs is “a number of taxes and fees that will be passed on to the consumer,” the committee writes. Insurers told the panel they expect premiums to rise from four to eight percent on the basis of the insurance tax alone, with one stating, “Consumers may no longer be able to afford their primary insurance choice because of this tax inequity.” Additional fees, such as the medical-device tax, will only make matters worse.

Consumers in a few states may actually experience rate decreases under ObamaCare, says the report, but that is because their states already heavily regulate their insurance markets. However, as one insurer told the panel, “More rates will go up as a result of PPACA than will come down.”

“Despite promises that the law will lower costs,” the committee concludes, “the PPACA will in fact cause the premiums of many Americans to spike substantially.” Indeed, so obvious has this become that even the Obama administration has “cautioned officials to be careful about suggesting that the law would drive down costs,” reports the [New York Times](#).

“After extensive research, the administration said it was unwise to tell consumers that they could get ‘health insurance that fits your budget,’” the paper writes. “That message, it said, is ‘seen as highly motivational, but not as believable.’”

With every passing day, it becomes even less believable. Far more credible, unfortunately, is the House committee’s assertion that “looming financial hardships” are on the horizon as ObamaCare takes effect.



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