Written by Michael Tennant on October 18, 2016

Over a Million Americans to Lose ObamaCare Coverage Next Year

More than one million Americans are going to lose their ObamaCare exchange plans next year, and many will have to settle for more expensive and less generous coverage. That could result in a drop in enrollment for the first time since the exchanges opened — hardly the sort of success story ObamaCare proponents envisioned back in 2010.

According to a Bloomberg analysis of state exchange data, in 2017 "at least 1.4 million people in 32 states will lose the Obamacare plan they have now," and they will have to buy new plans in order to avoid paying the individual-mandate penalty.

Some observers believe the number of people who will have to find new coverage is even higher. Charles Gaba of ACASignups.net estimates that about 2 million will be forced to shop around for another plan next year after losing either exchange or co-op coverage. (Five co-ops have gone under this year, leaving just six of the original 23 still operative.)

The reason so many people are losing their coverage is quite simple. Consumers are finding that exchange plans are a raw deal, with high premiums, steep deductibles, and narrow provider networks. Thus, many who don't desperately need insurance choose to forgo it, leaving insurers stuck with a pool of costly beneficiaries. With Congress having put the kibosh on taxpayer bailouts for these companies, they are making the quite rational decision to exit the exchanges before being bled dry.

UnitedHealth Group was the first to announce its intention to leave the exchanges after posting an expected $900 million in losses on them; the nation's largest insurer will now participate in just three exchanges, down from 34 last year. After dropping $300 million on the exchanges, Aetna will sell plans on only four of the 15 exchanges where it previously competed. Humana, having suffered $1 billion in exchange losses, said it would depart "substantially all" of the state exchanges next year. Blue Cross Blue Shield is pulling out of a handful of exchanges, and many other insurers are doing likewise.

The upshot of all this is that those individuals continuing to purchase exchange coverage will see their choices dwindle. "One estimate by the Kaiser Family Foundation predicts that for at least 19 percent of the people in Obamacare's individual market next year there will be only one insurer to choose from," writes Bloomberg.

Worse still, those plans will be even more expensive, in many cases radically so. On average, exchange premiums are expected to increase by 25 percent nationwide. Minnesota's premiums are set to jump by as much as 67 percent, and Oklahoma's rates may nearly double.

Approving these enormous rate hikes was the price states had to pay to keep insurers from bolting the exchanges, but there may be another cost: shrinking enrollment. Hot Air's Ed Morrissey explains why:

> Minnesota House speaker Kurt Daudt told me about a local farming family of three that has to pay $2300 a *month* in premiums for 2016 for a policy with a $13,000 deductible. That's $40,000 out of pocket before the first benefit outside of a standard wellness check (~$500 per person tops) gets covered. For some reason, they stuck with the insurance this year, but Minnesota's rates will be going up 50-67% in 2017. On the low end, that'll make their premiums $3450 a month, which escalates that threshold to over $54,000 with premiums and deductibles added together. That's more than some hospitalizations would cost, so … why would they stay in the exchanges? [Emphasis in original.]

No wonder Minnesota Governor Mark Dayton (D), a formerly gung-ho ObamaCare supporter, recently declared that "the Affordable Care Act is no longer affordable," and former President Bill Clinton called it "the craziest thing in the world" because people "wind up with their premiums doubled and their coverage cut in half."

S&P Global Ratings is forecasting that next year's enrollment could drop by as much as eight percent, although they also suggest it might rise by up to four percent. Falling or even very slightly increasing enrollment would hardly be a feather in President Barack Obama's cap, especially given that already, far fewer people have enrolled than his administration predicted (11.1 million today versus a 2010 forecast of 25 million).

As always, the Obama administration's fallback position is to claim things really aren't as bad as they seem. Sure, insurance premiums are going up significantly; but, administration spokesmen point out, federal subsidies will help soften the blow, so not as many people will opt out of coverage as might otherwise be expected. However, as Representatives Michael Burgess (R-Texas), Tom Price (R-Ga.), and Phil Roe (R-Tenn.) observe in a Fox News op-ed, "This mentality assumes, falsely, that taxpayer dollars are infinite, and that it is okay to ignore the dangerous dynamics that are leading to a failing insurance market."

State officials, who have to deal with the reality of ObamaCare, concur.

"While federal tax credits will help make monthly premiums more affordable for many Minnesotans, these rising insurance rates are both unsustainable and unfair," Minnesota Commerce Commissioner Mike Rothman said in a September 30 press release.

Governor Dayton said the healthcare law has "some serious blemishes … and serious deficiencies."

And North Carolina Insurance Commissioner Wayne Goodwin, a Democrat, told Bloomberg, "There needs to be a wholesale re-evaluation [of ObamaCare] by leaders in Washington."

That certainly isn't going to happen before January 20, and depending on the outcome of the elections, it may not happen for a long time to come. But the longer it takes, the more terrible the day of reckoning will be.