



Written by [Raven Clabough](#) on April 19, 2017

United Healthcare Profits Up After Leaving ObamaCare, but Not Good Kind

United Healthcare has experienced remarkable growth since opting out of all but a few ObamaCare exchanges, and while this is certainly troublesome for ObamaCare proponents, it is not quite a boon for taxpayers and free market proponents. Though United Healthcare's profits have increased by 35 percent, the growth is largely the result of government business in the form of taxpayer-funded Medicare and Medicaid.



According to the Associated Press, United Healthcare — once an outspoken proponent of ObamaCare — has enjoyed a 35-percent profit increase in the first quarter of 2017, as well as major expansion in all areas, including Medicare Advantage and Medicaid plans. This follows what was a \$475 million loss from participation in the exchanges in 2015.

When UnitedHealth realized it stood to lose as much as \$800 million in 2016, it announced that it would end its participation in all but a handful of exchanges in 2017.

“The smaller overall market size and shorter term, higher-risk profile within this market segment continue to suggest we cannot broadly serve it on an effective and sustained basis,” UnitedHealthcare Group CEO Stephen Hemsley told reporters in 2016. “Next year, we will remain in only a handful of states, and we will not carry financial exposure from exchanges into 2017.”

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UnitedHealth was not the only one to be forced to concede on ObamaCare's unsustainability. In 2016, Aetna, which once lauded the healthcare law, announced that it would pull out of the 2017 public exchange expansion plans. According to the *Daily Caller*, the company reported losing \$430 million since 2014 from participation in the exchanges.

Likewise, Humana, Blue Cross, and Anthem — also proponents of the healthcare law — have all reported struggles with plans that were sold on the exchanges, indicating that they were not ready for the increased number of particularly high-risk customers, many of whom have generated far more claims than insurers predicted, though critics of the law have from the beginning forecast such outcomes.

Humana was the first to announce that it was opting out of ObamaCare altogether in 2018, which has resulted in the all-out collapse of ObamaCare in Knoxville, Tennessee, where Humana was the only remaining provider on the ObamaCare exchange.

For United Healthcare, the decision has proven to be a good one, as the group has brought in \$2.17 billion in its first-quarter earnings, with \$48.72 billion in revenue and a one-percent increase in shares.

Insurance providers have until July 1 to announce to state officials whether they will remain on the exchanges in 2018, and it appears likely that providers will be using the opportunity to jump ship,



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particularly after witnessing UnitedHealth's growth and profit increase.

Unfortunately, UnitedHealth's remarkable growth is not the type that free market advocates seek. Instead, it can be attributed to the fact that United Healthcare has added a million Medicaid and Medicare members in the first three months of 2017, largely the result of record enrollment growth in Medicare Advantage. As noted by *Bloomberg News*, United Health's government business makes up 30 percent of its total enrollment and the majority of its revenue.

Increased enrollment in Medicaid and Medicare is never a good thing for taxpayers. Medicaid is the third largest government program in the United States, behind Social Security and Medicare. Combined, the three account for 48 percent of federal spending.

ObamaCare's designers counted on the expansion of Medicaid as a vital feature of the Healthcare plan in order to insure more Americans. However, some of ObamaCare's failure stems from the fact that the law's designers had expected many more Americans to qualify for private, though subsidized, insurance than actually did.

Meanwhile, one study reveals that increased coverage under Medicaid has little to no impact on physical health outcomes. A study by the Oregon Health Insurance Exchange on Medicaid outcomes concluded recently that while Medicaid has increased spending from \$3,300 to \$4,400 per person, it "generated no significant improvements in measured physical health outcomes." In other words, throwing more money at the problem will not fix it.

The *New York Post* notes that in some cases, Medicaid has actually worsened healthcare for individuals as they are forced to wait longer and receive lower quality care than those who are uninsured. This is because Medicaid is expensive to the taxpayers without offering adequate compensation to doctors. While Medicaid costs taxpayers a lot of money, it pays doctors very little. On average, Medicaid reimburses doctors only 72 cents out of each dollar of costs.

The *New York Post* elaborates,

Because of the low reimbursement, and the red tape that accompanies any government program, many doctors limit the number of Medicaid patients they serve, or even refuse to take Medicaid patients at all. An analysis published in *Health Affairs* found that only 69% of physicians accept Medicaid patients. A study published in the *New England Journal of Medicine* found that individuals posing as mothers of children with serious medical conditions were denied an appointment 66% of the time if they said that their child was on Medicaid (or the related CHIP), compared with 11% for private insurance — a ratio of 6 to 1.

So despite promises made by the Obama administration, ObamaCare has failed to reduce emergency room visits and wait times, because the limited availability of doctors willing to treat Medicaid patients has forced those patients to use the emergency room.

And Medicare expansion is equally burdensome. The *Washington Examiner* reported in 2013 that Medicare's unfunded liabilities were already \$42.9 trillion when combining the unfunded obligations from Medicare Part A, B, and D, all of which are financed through different streams. And according to a 2015 Government Accountability Office report, Medicare's inefficiency and mismanagement have resulted in significant losses. The report showed that in 2014 alone, \$60 billion, which accounts for 10 percent of Medicare's budget, was spent on fraud, abuse, improper payments, and overall waste. The GAO found 23,400 fake or incorrect addresses on Medicare's list of providers.



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While the situation seems hopeless, there are free market solutions to the healthcare and health insurance crisis in the United States. *The New American's* Kurt Williamsen expounds on these [here](#): They include modifications to tax laws to permit tax-free health savings accounts, reducing medical care costs by eliminating Certificate of Need laws, and increasing transparency in insurance payments, allowing more foreign doctors into the United States, and removing the American Medical Association's role in certifying medical programs.



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