AFFORDABLE CARE ACT: Health law’s effect on premiums uncertain: Self-insured Georgians likely to see price jump; critics doubt severity.

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With full rollout of President Barack Obama's health care law just months away, attention is shifting from political battles to how it will affect health insurance premiums for millions of Americans.

Some experts and studies predict sticker shock for people with individual coverage, who include about 5 percent of Georgians, though others say the fears are overblown. Workers with employer-based insurance, as well as those on Medicare and Medicaid, are expected to feel less financial fallout.

"We’re talking about a small sliver of the population that's going to be affected," said Larry Levitt, senior vice president with the nonprofit Kaiser Family Foundation.

A report from three congressional committees, citing a study by consulting firm Oliver Wyman, forecast an average premium increase of 40 percent for people buying insurance outside an employer plan.

The report said individual premiums for young adults in Atlanta would rise 179 percent, to $1,716 a year from $612, as a result of the health law.

Some analysts and advocates don't buy it.

"There are a lot of scare tactics out there," said Kathleen Stoll, director of health policy for Families USA, a nonprofit advocate for affordable health care. "I don't believe the myth of rate shock."

Even young people --- the group generally considered most likely to experience higher rates --- won't be badly hurt, Stoll argued. Many are allowed under changes by the health law to stay on their parents' insurance plans until age 26.

Others will benefit from federal tax credits if they buy coverage through the new online health insurance exchanges that are supposed to be up and running by January.

One group will almost certainly benefit: People with pre-existing conditions who have to shop in the individual market. They now pay high rates and in some cases cannot get insurance.

Nearly 900,000 Georgians are expected to shop on the federally run exchange websites created by the health law. Tax credits based on income will partly offset premium costs.

Industry experts say, however, some individuals still face potentially large hikes.

That's in part because insurers will be required by the Affordable Care Act to provide 10 "essential" benefits such as mental health, emergency and maternity services which may be offered now but are not mandated.

A report released this week by eHealth Inc., a private online health insurance marketplace, shows individuals whose policies include those types of benefits pay 47 percent more than individuals whose policies don't.

Bill Custer, a Georgia State University professor and health care policy analyst, downplayed both that study and the one from Congress.

"There is little chance that average premiums paid will rise by 40 percent, and it is very unlikely that any individual will see premiums rise by 179 percent solely due to the implementation of the Affordable Care Act," Custer said.

How much premiums change, Custer said, will be mostly determined by how many healthy people, particularly the young, buy coverage when the act goes into full effect.
Getting healthy, younger consumers in the insurance pool is critical to balancing the costs of covering older people and those with multiple chronic diseases.

"There's a concern all things being equal (that people) are more likely to sign up if they know they're pregnant or have cancer or HIV," said Karen Pollitz, a private insurance expert for the Kaiser Family Foundation.

While having insurance will be mandatory, some may opt instead to pay the relatively small initial penalty for not buying it. That would leave insurers no way to offset the cost of covering the chronically ill.

The penalty will start next year at $95 for an adult or 1 percent of family income, rising to $695 for an adult or 2.5 percent of family income in 2016 and beyond.

Critics of the law also argue premiums will rise, in part, because insurers won't be able to charge people with serious medical conditions more even though they are more costly to care for. Older people also can only be charged three times as much for coverage as young people, less than on an open market.

Another element of the Affordable Care Act is a new tax on health insurance providers that industry leaders say will mean higher premiums for some consumers.America's Health Insurance Plans, a trade association, estimates that next year individuals buying coverage on their own will pay an extra $110 in premiums as a result of the new tax, which will be passed on to them.

"This will add directly to the cost of individuals and small businesses," said Robert Zirkelbach, the group's spokesman.

One difficulty in assessing Obamacare's effect is that insurance costs have been steadily rising for years anyway. Employers decide how, or whether, to pass on those costs, which means some people who get insurance through their jobs see increases while others don't. Obamacare won't change that.

Some industry analysts say pieces of the health care law already in play, such as allowing young adults to stay on their parents' coverage until 26 and eliminating lifetime caps, are already driving up costs for companies and workers.

Health officials in Georgia say 2 percent in premium increases this year for more than 650,000 employees on the state's health benefit plan is a direct result of the Affordable Care Act.

National surveys show companies have already seen health care costs rise by 1 percent to 4 percent because of the law.

The issue also is clouded by the deep political divide over Obamacare.

Earlier this month, the Republican-dominated Georgia Senate passed a bill requiring insurers to include on premium statements the amount of rate increases --- if any --- resulting from the health law.

Opponents of Senate Bill 236 argued the legislation is biased because it assumes the law would raise costs for consumers.

"This is nothing more than a political attack on the president's bill," Sen. Steve Thompson, D-Marietta, said during the floor debate.

IMPACT ON GEORGIA

The Atlanta Journal-Constitution has been following the debate on the health care law from the beginning, with reports from Washington, Atlanta and across the state as we examine how the federal law will affect the state's residents, including the financial impacts and changes in health coverage. Today, we look at how insurance premiums could be affected.