Benefits BUZZ

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2017 Marketplace Plan Premiums Rise 25 Percent

The open enrollment period for obtaining health coverage for 2017 through the Affordable Care Act (ACA) Marketplace begins Nov. 1, 2016, and ends Jan. 31, 2017. The 2017 Marketplace looks a bit different than it did last year, especially in regards to increased premium costs.

According to a report from the Department of Health and Human Services (HHS), premiums for a midlevel benchmark plan from the federal Marketplace will increase an average of 25 percent. This is a significant increase when compared to the 7 percent increase in 2016 and the 2 percent increase in 2015.

Despite this increase, the Obama administration states that about 70 percent of Marketplace consumers will be able to obtain a health plan for less than $100 per month with the use of subsidies and smart shopping.

Experts believe that inaccurate predictions, the exit of insurance companies from the Marketplace and the overall rise in health care costs contributed to this nationwide increase in premium costs.

Inaccurate Predictions
McKinsey & Company, a top global consulting firm, found that as of 2015, insurance companies lost $2.7 billion on the individual market. A large factor contributing to this loss of revenue was that insurers had to pay for more claims than they expected. Though the government offers several programs to aid in redistributing insurance risk, not all companies have benefited, which has resulted in continued losses.

Exit of Insurance Companies from the Marketplace
Many of the insurers who experienced large losses in revenue or offered money-losing plans will not return to the Marketplace in 2017. Three major insurers (Aetna, Humana and UnitedHealthcare) pulled out of the Marketplace in many states and will not offer health plans for 2017. Fewer plans on the Marketplace means that there is less competition between companies that could help drive down plan prices.

Rise in Health Care Costs
Top factors contributing to the rise in health care costs include inflation, an aging population, and the growing cost of prescription and specialty drugs and treatments. All of these factors combined with increased utilization can drive up premiums for the entire pool of insured consumers.

2016 Election and Compliance Issues

Republican candidate Donald Trump has been elected the 45th president of the United States, and Republicans have retained control of the Senate and the House of Representatives.

Under President-elect Trump and the Republican-led houses of the U.S. Congress, it is likely that some changes will be made to the ACA and other compliance issues over the next four years.

Potential ACA Changes
Although it is largely unclear, at this time, what changes will be made, Republicans in the past have suggested the following:

- Full or partial repeal of the ACA
- Changes to the Medicare and Medicaid programs
- Implementing new policies to expand coverage and lower health care costs

What Should You Do?
Donald Trump will not take office until he is inaugurated on Jan. 20, 2017. This means that there will likely be no significant legislative or regulatory changes prior to 2017. As a result, employers should continue to prepare for upcoming requirements and deadlines to ensure full compliance.

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