

Higher subsidies soften insurance rate hikes

Officials at Idaho's health insurance exchange say for many on the individual market, premium subsidies will cover most of the increased cost of health insurance plans this year. But due to a change in federal rules, customers will have less time to sign up.

"Many people this year will see little increase in the net premium. That's the amount of money they take out of their pocket every month," said Your Health Idaho executive director Pat Kelly.

Individual health insurance premiums skyrocketed by an average of 38 percent this year, driven largely by uncertainty concerning a piece of the Affordable Care Act referred to as cost-sharing reduction subsidies. President Donald Trump has signaled that those payments might not be made this year, and the Idaho Department of Insurance instructed all insurers to assume the subsidies wouldn't be paid when the companies were submitting their rate proposals for the year.

Another major driver behind rate hikes has been the fact that the population of patients in the individual market has been sicker than expected, meaning a larger amount of total medical costs have to be covered by the premiums. Most insurers reported losing money on the market.

But Kelly said the higher premiums will be mostly offset for many consumers by federal premium tax credits. Those credits are calculated based on the second-least-expensive Silver plan on the market, and they're designed to make sure most individuals spend no more than about 10 percent of their income on insurance premiums, Kelly said. So when premiums rise quickly, so do the subsidies which cover much of the cost.

"Because of that floor on people's affordability calculation, it requires the tax credit to go up," Kelly said.

A 35-year-old making \$25,000 per year would only see a net increase of \$1 per month for the second least-expensive Silver plan, Kelly said.

But those who want to enroll this year will have a shorter period of time in which to do so.

Open enrollment begins on Nov. 1 and will extend through Dec. 15. That's significantly shorter than in past years, and it's driven by a change in the rules for state health insurance exchanges promulgated by the Centers for Medicare and Medicaid Studies, Kelly said.

After Dec. 15, individuals will only be able to purchase insurance on the exchange if they are eligible for a "special enrollment period." To qualify for that, the individual must have undergone a major change in life circumstances such as losing their job.

Kelly encouraged those considering purchasing insurance on the exchange to speak with insurance agents or brokers. Their advice is available for free, he noted.

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Kelly said Your Health Idaho has received no additional guidance from the feds about what will happen with cost-sharing reduction subsidies.

“We’re ready to pivot very quickly to whatever changes Washington pushes our way,” he said.

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