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Three Reasons Your Premiums Could Skyrocket This Year

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Earlier this week, Maryland and Virginia insurers filed proposed individual market premiums for 2019. Over the coming weeks and months, insurers in the other 48 states and DC will announce proposed premiums. In Maryland and Virginia, many insurers are asking for incredibly large premium increases.

In Maryland, average requested rate increases are 30 percent over 2018. In Virginia, proposed premiums are rising more than 15 percent.

While state regulators will have time to analyze and choose whether to accept proposed premium increases, it is clear that the relentless attacks on health care by the Trump administration and its allies in Congress are driving premiums up around the country.

The administration and Congress have taken several concrete actions that pull young and healthy people out of the individual market, leaving the risk pool with a population that is older and sicker than ever before. This leads to skyrocketing premiums.

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Why insurance premiums may rise this year

Here are three key reasons—in addition to the continued rise in health care costs—that insurance premiums may skyrocket this year:

1. **Repeal of the individual mandate**—The tax law signed by the president late last year that significantly cut taxes for corporations repealed the Affordable Care Act (ACA) requirement that individuals have health insurance, known as the individual mandate. *Ending federal enforcement of the individual mandate will cause young and healthy adults to leave the individual market, skewing the risk pool, and driving up costs for everyone else.*

2. **Expansion of sham insurance**—The administration has proposed two regulations that will expand the availability of sham insurance plans that lack core consumer protections. By expanding association health plans (AHPs) and short-term limited duration (STLD) plans, the administration is effectively splitting the individual market in two, with one

How lawmakers can address rising premium rates

What can lawmakers do about these rising premiums? The Trump administration and its allies in Congress should work with regulators and insurers to:

- Protect consumers from unreasonable rates, and
- Stop advancing policies that sabotage health care and increase premium prices for those who need high-quality, affordable health coverage.

market offering sham plans at cut-rate premiums, and one market offering comprehensive coverage that is priced out of reach for many middle-class consumers. *With sham AHPs and STLDs luring young and healthy adults out of the traditional individual market, the risk pool in traditional insurance is further skewed, meaning higher premiums for everyone.*

3. **Cuts to enrollment assistance and outreach**—During the last open enrollment period, the administration cut the outreach and advertising budget by an astounding 90 percent, cut funding for in-person assistance by 40 percent, and reduced the length of the open enrollment period by half. All of this led this year to the first increase in the number of people who are uninsured since the ACA was enacted. The people most likely to forego health coverage are young and healthy individuals. *The administration's decisions to skimp on spending for enrollment means that the risk pool is further deteriorated, again leading to higher premiums for those who sign up for health insurance through the marketplaces.*

The bottom line is that efforts over the past year to undermine access to affordable health insurance have pushed young and healthy consumers out of the market's risk pools, giving insurers an excuse to increase their prices. In nearly every filing, insurers in Maryland and Virginia cited an increase in morbidity (an increase in sick enrollees) in the risk pool as a primary driver of increased premiums. One Virginia insurer went as far as to say that an increase of 10 percent was directly attributable to repeal of the individual mandate and expansion of STLDs.