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# Health Care Policy and Marketplace Review

A Health Care Reform Blog—Bob Laszewski's review of the latest developments in federal health policy, health care reform, and marketplace activities in the health care financing business.

THURSDAY, AUGUST 4, 2016

## [According to Aetna We Have Two Kinds of Insurance Companies Under Obamacare: The "Less Worse Off" and the "Worse Worse Off"](#)

### **Surviving Co-Ops Sue Feds Over Inadequate Obamacare Reinsurance Payments While Aetna Complains the Payments Aren't Enough For Their Only "Less Worse Off" Financial Results**

I don't know if you noticed the recent juxtaposition between the surviving co-ops complaint that they shouldn't have to pay the big legacy carriers money under the Obamacare "3Rs" reinsurance scheme with Aetna's complaint this week that these same payments aren't enough for them to be confident they will continue in the exchanges.

Of the original 23 insurance co-ops created under the Affordable Care Act, only seven remain.

And, those seven are having a tough time of it. So tough that at least [three are suing the federal government](#) over the way the "3Rs" reinsurance scheme works. The are complaining that the risk adjustment provisions of the law unfairly favor the big legacy health plans such as the big publicly traded plans, like Aetna, and the big market share Blue Cross plans.

So, now the co-ops complaint is that they'd be doing fine if it weren't for the Obama administration's flawed risk adjustment program designed to move money from the plans with the healthiest customers to those with the sickest.

The irony that the risk adjustment system is telling us that these co-ops have the healthiest consumers and are still going broke should not be lost.

Meantime, one of the legacy carriers, that has been benefiting from these payments, Aetna, is threatening to pull out of the exchanges because of their big 2016 Obamacare losses and is blaming part of it on the failure of the same risk adjustment system to adequately reimburse them for their losses!

CEO Mark Bertolini [told Bloomberg](#), "the mechanism of risk adjustment in those exchanges is not going to appropriately reflect" their expected \$320 million in Obamacare exchange underwriting losses in 2016.

According to Bloomberg:

Bertolini said big changes are needed to make the exchanges viable. Risk adjustment, a mechanism that transfers funds from insurers with healthier clients to those with sick ones, "doesn't work," he said. Rather, than transferring money among insurers, the law should be changed to subsidize insurers with government funds, Bertolini said.

"It needs to be a non-zero sum pool in order to fix it," Bertolini said. Right now, insurers "that are less worse off pay for those that are worse worse off."

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WASHINGTON POST'S WONKBLOG "PUNDIT OF THE YEAR"

Bob Laszewski was named the Washington Post's Wonkblog "Pundit of the Year" for 2013 for "one of the most accurate and public accounts" detailing the first few months of the Obamacare rollout.



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Bob Laszewski has been named a "Top 5 Speaker" on health care in a survey involving 13,000 business leaders, educators, association members, and others.

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Well that's a mouth full.

While the co-ops complain they're getting screwed by having to pay money to the big guys, one of the big guys is complaining they are only less worse off and suggesting the government just has to make up their losses or they are going to take their marbles and go home.

And, let me suggest to Mr. Bertolini that before any Congress appropriates more money to subsidize Aetna in the exchanges there is a better chance Democrats will pass a public option for him to compete against.

So we have two kinds of insurance companies in Obamacare.

The "less worse off" and the "worse worse off."

Other than that, the Obamacare market is "stable."

Posted by [ROBERT LASZEWSKI](#) at 8:21 AM



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Labels: [Aetna](#), [Affordable Care Act](#), [Obamacare](#), [Obamacare Co-Ops](#)

TUESDAY, JULY 19, 2016

## Obamacare's 2017 California Rates to Increase an Average of 13% With the Biggest Players Going Up 17.2% and 19.9%

After last year's 4% rate increase, California's Obamacare insurance exchange rates appear to be catching up to the rest of the country.

The two biggest carriers are raising rates by much more than the average 13.2% increase. Blue Shield said its average increase was 19.9% and Anthem said it would increase rates an average of 17.2%

[According to the LA Times](#), Covered California officials blamed the big increase on the "rising costs of medical care, including specialty drugs, and the end of the mechanism that held down rates for the first three years of Obamacare."

Well, once again when it comes to Covered California's explanations, not exactly.

On the argument blaming the rising cost of care, in late May Milliman published its Milliman Medical Index indicating that baseline medical cost trend was up 4.7% year-over-year—the lowest annual increase since Milliman first measured cost trend in 2001. And, of course, this 4.7% increase included the cost of specialty drug costs.

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Posted by [ROBERT LASZEWSKI](#) at 4:10 PM



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Labels: [California Obamacare rate increases](#), [Covered California](#), [Obamacare](#)

WEDNESDAY, JUNE 1, 2016

## Everything Will Be Fine As Soon As The Obamacare Market "Stabilizes"—Not

**North Carolina Family Plans Already Cost More Than \$10,000 a Year With Rates Going Up By Double Digits for 2017**

With one state after another announcing big 2017 Obamacare rate increases the latest refrain from Obamacare supporters is that with maybe one or two more years of rate increases everything will be fine.

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The purpose of this health care blog is to provide an ongoing review of health care policy activity in Washington, DC and the marketplace.

Health Policy and Strategy Associates, LLC (HPSA) is a Washington, DC based firm that specializes in keeping its clients abreast of the health policy debate in the nation's capital as well as developments in the health care marketplace.

HPSA is not a lobbying firm. Our niche is objective non-partisan information on what is happening in the federal health policy debate and in the market.

ROBERT LASZEWSKI, WASHINGTON, DC

Robert Laszewski is president of Health Policy and Strategy Associates, LLC (HPSA), a policy and marketplace consulting firm specializing in assisting its clients through the significant health policy and market change afoot. Before forming HPSA in 1992, Mr. Laszewski was chief operating officer for a health and group benefits insurer. The majority of Mr. Laszewski's time is spent being directly involved in the marketplace as it comes to grips with the health care cost and quality challenge.

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Talk about missing the forest for the trees.

The latest example is in North Carolina where market leader Blue Cross, the biggest insurer with 330,000 people covered, is asking for an 18.8% 2017 rate increase. Aetna, with 130,000 customers is asking for 24.5%.

[See My Post at Forbes](#)

Posted by [ROBERT LASZEWSKI](#) at 10:40 AM



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[David Williams' "Health Business Blog"](#)

[Jason Shafrin's "Healthcare Economist"](#)

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WEDNESDAY, MAY 18, 2016

### [New York's 2015, 2016 and 2017 Obamacare Rate Increases](#)

New York just announced the 2017 *requested* rate increases for individual health insurance.

I thought the history of New York's increases was interesting.

[Read more »](#)

Posted by [ROBERT LASZEWSKI](#) at 1:23 PM



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Labels: [2017 Rates](#), [ACA](#), [Affordable Care Act](#), [New York Obamacare Exchange](#), [Obamacare](#), [Rate Increases](#)

MONDAY, MAY 9, 2016

### [Why Are Centene and Molina the Exception To Most Big Health Plan Losses On the Obamacare Exchanges?](#)

This paragraph in a [recent AP story](#) caught my eye:

Two companies that report exchange success so far, Molina Healthcare Inc. and Centene Corp., say they have focused on covering low-income customers in markets where they already have an established presence in Medicaid, the state-federal program that covers the poor. Molina sells coverage in nine states and is thinking about adding two for next year.

Why are these traditionally Medicaid carriers doing so well when most of the health plan market is losing their shirts in the Obamacare exchanges?

See my post at [Forbes](#).

Posted by [ROBERT LASZEWSKI](#) at 6:33 PM



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Labels: [ACA](#), [Affordable Care Act](#), [Centene](#), [Medicaid](#), [Molina](#), [Obamacare](#)

TUESDAY, APRIL 26, 2016

### ["Figures Don't Lie But Liars Figure": The Disingenuous Obama Administration's Report That Claims Obamacare's Average Premiums Rose by Only 8% in 2015](#)

The Obama administration is out with a [report](#) that the average 2015 Obamacare exchange premium increased by only 8% last year.

As best I can tell, that is a true statement.

It is also an incredibly disingenuous statement.

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Posted by **ROBERT LASZEWSKI** at 8:14 AM



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Labels: [ACA](#), [Affordable Care Act](#), [Obamacare](#), [Obamacare rate increases](#)

THURSDAY, APRIL 21, 2016

### [United Healthcare Leaving the Obamacare Exchanges Is Not the Point —What's Happening to the People Who Have No Choice But to Buy Their Health Insurance Under Obamacare Is](#)

Comments in [a recent Politico article](#) over United HealthCare's pullout from the Obamacare exchanges because of \$1 billion in losses have me scratching my head.

"It's a nothingburger in terms of market impact, said insurance industry consultant John Gorman. But symbolically and politically, it's huge" He went on, "We're only about halfway through the drama of stabilizing these marketplaces. We've got another two or three years to go, and it's going to be a bloody two or three years."

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Posted by **ROBERT LASZEWSKI** at 11:32 AM



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Labels: [Affordable Care Act](#), [Obamacare](#), [Obamacare rate increases](#), [United Healthcare](#)

SUNDAY, FEBRUARY 28, 2016

### [Selling Health Insurance Across State Lines—A Really Dumb Idea](#)

**Any candidate that suggests such a scheme only shows how unsophisticated he and his advisers are when it comes to understanding how the insurance markets really work—or could work.**

I gave a speech to 750 health insurance brokers and consultants in DC last week.

When selling health insurance across state lines, something Trump and a number of other Republican presidential candidates have been pushing, was mentioned the audience literally laughed. That's what health insurance professionals who spend their days in the market think of it!

This is about as dumb an insurance "reform" idea as has ever been proposed.

[Read more »](#)

Posted by **ROBERT LASZEWSKI** at 8:00 PM



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TUESDAY, FEBRUARY 16, 2016

### [John Kasich's Ohio Health Care Record: Making Lemons Into Lemonade](#)

It's easy to be critical of Obamacare.

But from the time The Affordable Care Act was passed until a new President and Congress have a chance to change things in 2017, America's governors haven't had the luxury of just complaining about it. They have had to govern.

Governor Kasich and his team have made big health care change a reality by collaborating with the key stakeholders in Ohio. On that score they have made lots of Obamacare lemons into lemonade.

[Read my op-ed today at the \*National Review\*.](#)

And, my post last fall at Forbes regarding Kasich's Medicaid expansion in Ohio.

Posted by ROBERT LASZEWSKI at 1:15 PM



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THURSDAY, FEBRUARY 4, 2016

### Obamacare Hits 12.7 Million Enrollments—But Only Grows 8.5%

Today the administration announced that 12.7 million people signed up for coverage in the Affordable Care Act's insurance exchanges.

Said the HealthCare.gov CEO, "We knocked the lights out this year. We did a great job."

Let's take a closer look.

[Read more »](#)

Posted by ROBERT LASZEWSKI at 10:22 PM



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Labels: [Obamacare](#), [Obamacare Enrollment](#)

MONDAY, FEBRUARY 1, 2016

### Why the Obamacare 2016 Open Enrollment Stalled: The Big Unwritten Story About Obamacare—How Unaffordable It Is For the Working and Middle Class

Back on December 22nd when the President triumphantly announced 6 million enrollments on HealthCare.gov and the administration pointed to "unprecedented demand" on the exchanges, I was the skunk at the garden party [arguing in the \*Washington Post\*](#) that it was all just churn as existing customers were only trying to escape all of the big rate increases.

Well guess what? It was all churn.

The administration will shortly announce the total number of people who signed up for Obamacare under the Affordable Care Act.

The number signing up in 2016 will turn out to be not much more than the number who signed up last year after those who don't pay are netted out—no sizeable gain in enrollment has been accomplished on a national basis. [February 4 Update: The increase was 8.5% over 2015.]

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Posted by ROBERT LASZEWSKI at 1:46 PM



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TUESDAY, JANUARY 5, 2016

### 2016 Obamacare Outlook

One of the more Obamacare fluent reporters just emailed me a set of questions regarding the 2016 outlook for Obamacare.

I thought I would share my responses with you:

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Posted by [ROBERT LASZEWSKI](#) at 3:02 PM



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THURSDAY, NOVEMBER 19, 2015

### [UnitedHealth Group Losing Big Money and Threatening to Leave the Obamacare Exchanges--Because the Obamacare Insurance Business Model Does Not Work](#)

It's official. The Obamacare insurance company business model does not work.

UnitedHealth Group just announced they expect to lose \$700 million in the Obamacare exchanges and are seriously considering withdrawing from the program in the coming year.

This morning, the *Wall Street Journal* [reported](#) just about everybody else is losing their shirts in Obamacare as well:

Several other big publicly traded insurers also flagged problems with their exchange business in their third-quarter earnings Anthem Inc. said enrollment is less than expected, though it is making a profit. Aetna Inc. said it expects to lose money on its exchange business this year, but hopes to improve the result in 2016. Humana Inc. and Cigna Corp. also flagged challenges...

There are signs that broad pattern has continued--and in some cases worsened--this year. A Goldman Sachs Group Inc. analysis of state filings for 30 not-for-profit Blue Cross and Blue Shield insurers found that their overall company wide results were "barely break-even" for the first half of 2015.

Goldman analysts projected the group would post an aggregate loss for the full year--the first since the late 1980s. The analysis said the health-law exchanges appeared to be a "key driver" for the faltering corporate results, and the medical-loss ratio for the Blue insurers' individual business was 99% in the first half of 2015--up from 91% at that point in 2014, and 82% for the first six months of 2013.

Every health plan I talk to tells me that they don't expect their Obamacare business to be profitable even in 2016 after their big rate increases. That does not bode well for the rate increases we can expect to be announced in the middle of next year's elections.

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Posted by [ROBERT LASZEWSKI](#) at 11:25 AM



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MONDAY, OCTOBER 26, 2015

### [Crocodile Tears Over the Failing Obamacare Co-Ops--The Canaries in the Obamacare Coal Mine](#)

I can't believe what I've been hearing recently from Obamacare defenders over the failing Obamacare co-ops--the most recent count has eight of them going bust.

The biggest complaint seems to be that those mean Republicans forced these co-ops out of business because of a provision they included in the last budget.

[Read my post at Forbes](#)

Posted by [ROBERT LASZEWSKI](#) at 1:31 PM



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SUNDAY, OCTOBER 18, 2015

### [Flat Enrollment Estimates For 2016--Has the Obama Administration Given Up on Obamacare?](#)

On Thursday, the Obama administration said they expect to have 10 million people enrolled on the Obamacare insurance exchanges in 2016. They further said they expect to sign-up only one in four of those still uninsured and eligible during the 2016 open enrollment scheduled to begin on November 1.

These are astonishing admissions.

In 2013 the Congressional Budget Office (CBO) estimated that the Obamacare insurance exchanges would enroll an average of 22 million people during 2016.

Given the original expectations how can we now not say this program is a terrible failure?

[Read my post at Forbes](#)

Posted by [ROBERT LASZEWSKI](#) at 9:08 AM



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WEDNESDAY, OCTOBER 14, 2015

### [Ohio Governor John Kasich's Medicaid Expansion: Successful Governance is Very Hard Work](#)

Presidential candidate John Kasich (R-Ohio) has taken a lot of criticism on the campaign trail for expanding Medicaid under Obamacare. But if his Medicaid expansion isn't an extraordinary example of successful conservative governance I don't know what would be.

[See My Post at Forbes](#)

Posted by [ROBERT LASZEWSKI](#) at 10:05 AM



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MONDAY, AUGUST 17, 2015

### [Has Obamacare Really Reduced The Uninsured By 16 Million And Continued To Show Strong Growth?](#)

Recent reports have touted a significant drop in the number of uninsured and generally credited Obamacare for it. And, other reports have recently highlighted about 950,000 more people signing up for Obamacare since the 2015 open enrollment closed but haven't said anything about the number of people who dropped their coverage during the same period.

Many of these reports may be technically correct but hardly give an accurate picture.

[See my post at Forbes](#)

Posted by [ROBERT LASZEWSKI](#) at 1:23 PM



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MONDAY, JULY 27, 2015

## Health Insurer Merger Mania -- Muscle-Bound Competitors And A New Cold War In Health Care

***It is doubtful that the dramatically escalating consolidation in both the health insurance industry and among hospitals and doctors will make our health care system either more efficient or more competitive.***

This reminds me of the Cold War. Each side gets more powerful so that the other side can't come to dominate it. The two sides finally get so big and powerful they reach a point of détente—let's just agree to get along. Or, in the case of the Cold War, one side just ultimately spends the other side into submission.

That kind of environment doesn't create more efficiency or innovation but undermines real competition just like you would expect one oligopoly facing off against another to do. We just end up with a few muscle bound players creating sizable barriers for new innovative and disruptive players to enter.

[Read more on my Post at Forbes](#)

Posted by [ROBERT LASZEWSKI](#) at 2:40 PM



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TUESDAY, JULY 21, 2015

## California Senate Votes To Open Up Obamacare To 2.5 Million Illegal Residents

King V. Burwell Opponents Said Killing Subsidies Would Blow Up Obamacare—Now They Want To Open Up Unsubsidized Care To Illegal Californians

And consider this. Passage of the California legislation that has already cleared the Senate (SB 4) could be a real boon to the business of health care delivery in California. California's impressive medical system could be the leader in international medical tourism. SB 4 would also make it clear that a foreign person could land at LAX, give Covered California a call and sign up for an almost full pay Platinum plan for a few hundred dollars a month, on the first of the following month when their coverage became effective show up at Cedars-Sinai Medical Center and have thousands of dollars of treatment, get back on the plane and go home, and then drop the coverage.

[See my post at Forbes](#)

Posted by [ROBERT LASZEWSKI](#) at 1:56 PM



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TUESDAY, JULY 7, 2015

## Could Humana Grovel Any More To Get the Aetna-Humana Merger Approved By the Obama Administration?

[See my post at Forbes](#)

Posted by [ROBERT LASZEWSKI](#) at 1:38 PM



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