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Examining the latest in health care policy every weekday morning

Aetna is quitting 70 percent of Obamacare markets

By **DAN DIAMOND** | 08/16/16 10:00 AM EDT

AETNA: WE'RE QUITTING 70 PERCENT OF OBAMACARE MARKETS — The insurer says it'll walk away from more than two-thirds of exchange markets it participated in this year, dropping from 778 counties to 242 counties next year. Aetna will maintain a presence in just four states, it says — Delaware, Iowa, Nebraska and Virginia — down from 15 states this year.

... Aetna says the market's financials are unworkable, pointing out that it has lost more than \$430 million since January 2014 on its individual products. It's not the only major player to walk away from the Obamacare exchanges.

"More than 40 payers of various sizes have similarly chosen to stop selling plans in one or more rating areas in the individual public exchanges over the 2015 and 2016 plan years," CEO Mark Bertolini said in a statement. "As a strong supporter of public exchanges as a means to meet the needs of the uninsured, we regret having to make this decision."

See Aetna's announcement: <http://aet.na/2aVKWgJ>

More for Pros from Paul Demko: <http://politico.pro/2aWI6hh>

One state feeling the pain: Arizona. Aetna is just the latest insurer to pull out of the state this year — and "means Pinal County, as of now, has no ACA insurers" set to offer plans on the exchange this fall, the Arizona Republic's Ken Alltucker reports. According to HHS data, there were 9,667 plan selections in Pinal County as of Feb. 1, 2016.

HHS: This doesn't change the realities on the ground. Marketplace CEO Kevin Coughlin pointed to data released last week that the exchange risk pool is getting healthier and less expensive, and suggested that the new market is creating winners and losers.

Democrats: This is a negotiating tactic. The agency also says that Aetna quickly — and conveniently — changed its tune on Obamacare. Bertolini told investors in April that while Aetna was losing money on the exchanges, the early losses were "well, well below" the company's pain points and "we see this as a good investment."

One theory advanced by Sen. Elizabeth Warren and other Democrats is that Aetna is using its exchange participation as a negotiating tactic to win support for its merger with Humana, which the administration has sued to block.

"Aetna may not like the Justice Department's decision to challenge its merger ... but violating antitrust law is a legal question, not a political one," Warren posted on Facebook last week. "The health of the American people should not be used as bargaining chips to force the government to bend to one giant company's will."

Who's still participating in the exchanges? Here's a quick recap of where the nation's four other big insurers stand on Obamacare.

- UnitedHealthcare: Will exit most exchanges this fall.
- Anthem: Said it's now losing money on the exchanges, after previously breaking even.
- Cigna: Warned that its Obamacare costs are rising, but said it will continue to participate.
- Humana: Announced its exit from most exchanges this fall.

THIS IS TUESDAY PULSE — Where we can't believe a Wall Street analyst accidentally scooped the Aetna news on Friday, and then hung up on reporter Adam Cancryn when he asked about it. We'll never hang up on you: Send tips and your secret Obamacare plans to ddiamond@politico.com or [@ddiamond](https://twitter.com/ddiamond) on Twitter.

Correction: Yesterday's PULSE misspelled the founding leader of the Federation of American Hospitals. It's Mike Bromberg, who passed away this past weekend. We really regret the error.

**** Presented by Mallinckrodt Pharmaceuticals:** A story of courage -- My son, Charlie, began exhibiting abnormal behaviors as an infant. The pediatrician confirmed that my son was very sick. Upon receiving Charlie's devastating diagnosis, the doctor prescribed a medication to help him. The treatment was successful. Today, he is a healthy and happy boy. **To learn more about Molli and Charlie's story visit**

<http://www.mallinckrodt.com/about/default/videos> **

OBAMACARE RATE HIKES

Maryland's dominant insurer makes its case for revised rate request. CareFirst BlueCross BlueShield says it needs huge rate hikes next year to make up for nearly \$300 million in losses in the individual market during its first three years of competing on Maryland's Obamacare exchange.

The insurer on Monday told a hearing that it needs to increase rates on the company's PPO plans by 36.6 percent and its HMO plans by 27.8 percent. Originally, CareFirst had submitted 15.3 percent and 12.0 percent hike requests, respectively.

... CEO Chet Burrell indicated that without the "3 Rs" — primarily reinsurance — CareFirst's losses in the first three years of exchange participation are projected to be \$620 million.

That's notable because reinsurance is slated to disappear in 2017 — a development that insurers say will bump up rates an additional 4 to 7 percent next year, Pro's Paul Demko reports.

... But many consumer advocates disagreed with CareFirst's numbers, including the former head of CMS's Center for Consumer Information and Insurance Oversight. Jay Angoff pointed to last week's HHS study showing that medical costs for the exchange population fell by 0.1 percent between 2014 and 2015.

"There is just such a disconnect of such a magnitude between the CMS data and the CareFirst data," Angoff noted. "It just doesn't make sense."

More for Pros from Paul Demko: <http://politico.pro/2bcYWDw>

PUBLIC OPTION

Democrats may be 'tepid' on public option idea. In recent weeks, both President Obama and Democratic nominee Hillary Clinton have reaffirmed their support for a government-run public insurance alternative — a proposal that may gain steam as major insurers leave insurance exchanges. But Bloomberg View's Jonathan Bernstein notes that many Senate candidates seem "sort of tepid" about the idea.

Bernstein looked at 11 Democrats running for open or contested Senate seats, finding that only Maryland's Chris Van Hollen mentioned his support for a public option on his campaign website.

"Their campaign messages suggest that they may not be up to a battle over consequential health-care legislation, which is what a push for a public option would be," Bernstein writes. More: <http://bloom.bg/2blUXor>

Could it even pass? University of Michigan professors Richard Hirth and John Ayanian recently argued that it's unlikely Democrats would have sufficient majorities in Congress to enact the idea, even if they support it.

"A more likely opportunity would be for an individual state, such as California or Vermont, to propose its own public option and seek federal approval to implement it in its state-based exchange," they write.

ZIKA VIRUS

Texas resident contracts Zika while visiting Miami. The El Paso resident had visited the neighborhood in Miami where there's confirmed active Zika transmission, and sought care after developing symptoms upon returning to Texas.

The unusual case will be classified as "travel-associated," and is the first case in Texas to be linked to travel within the continental United States.

EYE ON FDA

Consumer groups take aim at PDUFA. At a meeting where FDA and industry praised the Prescription Drug User Fee process, consumer advocates on Monday charged the agency with being too cozy to industry and contributing to high prices of drugs by focusing excessively on speeding them to market.

"Is FDA now treating industry as a customer that it needs to please, instead of acting as a regulator to ensure the public health?" asked Paul Brown of the National Center for Health Research. "Independent researchers suggest that user fees are harming, not helping, the FDA's public health mission." More from Sarah Karlin-Smith for Pros: <http://politico.pro/2aZlEzU>

ON THE TRAIL

How Susan B. Anthony List is trying to protect pro-life senators. The organization told PULSE that it's deployed a team of nearly 400 people in the crucial swing states of Florida, Ohio and South Carolina to conduct in-depth canvassing.

The organization is focused on protecting GOP Sens. Marco Rubio, Richard Burr and Rob Portman while highlighting Hillary Clinton as a strong supporter of abortion rights.

"Our team is not only talking to pro-life base voters, but persuadable pro-life Hispanics and Democrats as well," a spokesperson said.

500,000. That's how many doors Susan B. Anthony List's team has knocked on in the past nine months, well ahead of its 2014 pace.

MEDICAL ERRORS

The data on medical error deaths is overblown and misleading. That's according to Aaron Carroll, who writes in The New York Times that the steadily rising number of hospital deaths linked to preventable medical errors is based on limited evidence and the true number is likely a tiny fraction of what's reported.

A landmark 1999 study originally concluded that 98,000 deaths per year were linked to preventable errors; a recent BMJ study raised the tally to more than 250,000 deaths per year.

... "It's somewhat sensationalistic to keep coming up with increasing numbers," Carroll writes. He adds that while there's a clear need to improve the quality of in-hospital care and safety, the studies are somewhat misleading: the potential benefits of going to a hospital strongly outweigh the potential harms.

"Our continued focus on this number — and the hospital setting — may be draining resources and attention from more effective harm reduction," Carroll concludes.

Read more: <http://nyti.ms/2b7DrXz>

AROUND THE NATION

SCOOPLET: Hawaii seeking revised 1332 waiver from HHS. Hawaii is seeking to waive its SHOP exchange and other ACA requirements because they conflict with the state's employer mandate law, enacted in the 1970s, Pro's Rachana Pradhan reports.

See the waiver request: <http://politico.pro/2biRIYj>

More for Pros: <http://politico.pro/2bd8zBU>

WHAT WE'RE READING by Brianna Ehley

Should psychiatrists diagnose public figures from afar? It's been considered unethical for years, but some behavioral health providers have publicly suggested Republican presidential nominee Donald Trump has a mental illness: <http://nyti.ms/2aW2UzU>

A partnership between an immunologist and an oncologist may have led to an advance in cancer treatment, the Wall Street Journal reports: <http://on.wsj.com/2aVnJeE>

A front-page NYT story looks at new efforts to have the FDA regulate the cosmetics industry: <http://nyti.ms/2aVPnrq>

Stat looks at a whistleblower lawsuit against Medtronic that alleges the device manufacturer misled the FDA at the patients' expense: <http://bit.ly/2bbD8bi>

Companies in Northern California say the area's dominant health system is strong-arming them into contracts that could lead to higher prices, April Dembosky reports: <http://bit.ly/2bAOYkp>

Simple "hacks" for the elderly — like keeping a bar of soap in a stocking in the shower — can help ease the rigors of aging, Marie Tae McDermott writes: <http://nyti.ms/2aZPzrN>

**** Presented by Mallinckrodt Pharmaceuticals:** A story of courage --

Molli's son, Charlie, began exhibiting abnormal behaviors as an infant and she worried something was wrong. The pediatrician confirmed her worst fear – that Charlie was very sick. Once diagnosed, Charlie's care passed on to a child neurologist who couldn't guarantee what his outcome in life would be.

As a mother and a nurse, Molli was concerned for her baby and wanted the doctors to do everything they could to make him better. She knew if he wasn't treated quickly it would affect his development.

Upon receiving Charlie's devastating diagnosis, the doctor prescribed a medication to help him.

Thankfully, the treatment was successful. Today, he is a healthy and happy boy with normal growth and development.

Molli is grateful for the people at pharmaceutical companies who make medicines that help children like her son Charlie. **To learn more about Molli and Charlie's story visit** <http://www.mallinckrodt.com/about/default/videos> **