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# Virginia, Richmond region fare relatively well in health insurance analysis

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By MICHAEL MARTZ Richmond Times-Dispatch

Competition counts in Virginia's health insurance marketplace.

The availability of insurance options will remain relatively robust and increases in premiums relatively low in the Richmond region when enrollment begins Tuesday in the federally operated marketplace under the Affordable Care Act, according to an analysis by The Associated Press called "Dwindling Choices, Higher Costs."

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Statewide, consumers in 28 localities in primarily rural areas will have just one insurer offering coverage on the exchange for the first time since the marketplace opened in 2014, but in the Richmond region all but one locality will have at least three insurers from which to choose, and 79 percent of Virginia jurisdictions will have at least two.

In comparison, five states will have only one insurer in their marketplaces. Eight states, including North Carolina and Tennessee, will have just one for a

majority of their local jurisdictions, according to the national AP analysis, which found that about one-third of all U.S. counties will have just one insurer.

"When you look nationally, we're in a much better position," said Jill A. Hanken, senior attorney at the Virginia Poverty Law Center, which operates the Enroll Virginia navigator site to help people shop on the federal exchange. "Virginians are seeing lower costs and more choice than many other states."

The analysis also reinforced federal data released early this week that showed an average increase of 22 percent nationally in premiums for a "silver" benchmark plan bought by a 27-year-old, but an increase of 10 percent in Virginia. The AP analysis, using the second-lowest silver plan for a 50-year-old participant, showed an average increase of 9.7 percent in Virginia.

In comparison, the AP found that for 130 counties in six states, the cost of a benchmark plan will increase by more than 75 percent. In North Carolina, the average premium will increase by almost 39 percent and, at \$768.13, will be about 73 percent higher than in neighboring Virginia, at \$444.50.

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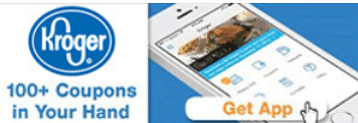


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“Clearly, the market sees Virginia as an opportunity versus other places,” said Doug Gray, executive director of the Virginia Association of Health Plans.

Still, the premium increases will vary widely across Virginia, ranging from 6 percent in Winchester and Frederick County and 7 percent in Richmond-area localities to 16 percent in the western counties of Giles, Montgomery and Pulaski, as well as the city of Radford. Premiums will rise by 15 percent in Charlottesville and the counties of Albemarle, Fluvanna, Greene and Nelson. In the Lynchburg area, costs will go up 14 percent.

Most Virginians won't see those increases because more than 80 percent of those who buy insurance on the federal exchange receive subsidies that offset much of the cost, depending on their income. The U.S. Health and Human Services Administration said 75 percent of Virginians who buy plans on the exchange have incomes ranging from 100 to 250 percent of the federal poverty limit, which is \$11,880 a year for a single person and \$24,300 a year for a family of four. Subsidies are available to people making 100 to 400 percent of the poverty limit.

“We're not expecting to see a major out-of-pocket increase at all,” Hanken said.

However, the bite will be deeper on those who don't qualify for subsidies or who buy insurance outside of the exchange, Gray said. “The people who are getting no help are seeing pretty big increases and paying hefty premiums.”

Avalere Health, a consultant used by the AP for its analysis, said the reasons for the dwindling choices and higher costs include:

- enrollment of less than half of the 22 million projected five years ago, the year after the Affordable Care Act became law;
- a disproportionate number of people buying insurance who are 55 and older instead of younger, healthier people, as well as a huge majority of people with incomes below 150 percent of poverty (\$17,820 for an individual) and few people who earn more than 400 percent of poverty (\$47,520);
- the ineffectiveness of tax penalties under the law in persuading younger, healthier people to buy insurance under the so-called “individual mandate”; and
- the phase-out at the end of this year of safeguards for insurers against risks of high medical claims.

“That changes the risk factor for the plans,” Gray said of the loss of federal reinsurance for carriers. “This was not a surprise. They knew this was coming.”

The cumulative effects of these trends is that there are more sicker people in a smaller pool, he said. “We're getting more high-cost enrollees than expected, and that's why we're losing money.”

The effects vary widely across the nation, with premiums declining by 3 percent in Massachusetts and Indiana and increasing by 119 percent in Arizona, Avalere said.

The problem will get worse in some localities and states because of the departure of insurance carriers from their markets. Avalere cited estimates that more than 1 million Americans will have to choose coverage from a new insurance carrier in 2017.

In Virginia, the numbers of carriers and plans are stable. The State Corporation Commission, which oversees the markets through its Bureau of Insurance, said Thursday that 11 insurance carriers will offer plans on the federal exchange next year, the same number as this year. Three other carriers will offer plans outside of the marketplace, compared with four this year.

While two plans left the Virginia marketplace, two others joined, according to the SCC. Companies such as Aetna and UnitedHealthcare, which have pulled out of the marketplace in many states, remain in Virginia, albeit under different subsidiaries. Humana Insurance Co. has left, but Cigna Health and Life Insurance Co. has arrived.

Among Virginia's neighbors, only Maryland will offer more choices on its exchange, which is state-run. All of Maryland's 24 counties will choose from at least three insurers, compared with 48 percent of Virginia's 134 jurisdictions. In North Carolina

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and Tennessee, no jurisdiction will have a choice of three or more carriers, and just 5 percent in North Carolina will have a choice of two.

However, Virginians in 21 percent of localities will have only one choice for the first time since the marketplace opened, and an additional 31 percent will have two.

In the Richmond area, only three localities — Powhatan, Goochland and New Kent counties — lost access to an insurer, and they still have three from which to choose. Charles City County will choose from two carriers, as it did this year.

This week's federal announcement of big premium increases in many markets already has affected the tenor of the presidential campaign as it entered its final two weeks, but veteran political analyst Larry J. Sabato doesn't think the issue will change many voters' minds.

"They've already made up their minds," said Sabato, director of the Center for Politics at the University of Virginia. "This is a race that has almost no undecideds left."

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