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Obamacare To Cut Cost Of Health Coverage By Half For Many New Yorkers

By Caroline Humer

Many New York state residents who buy health insurance next year will most likely see their premiums cut by half as President Barack Obama's healthcare law creates subsidies that may increase the number of people in this market by the hundreds of thousands.

Information on the state's rates, which will figure in a national debate over whether "Obamacare" will make health insurance more affordable, was released on Wednesday by Governor Andrew Cuomo. The figures represent some of the biggest discounts seen among a handful of states that have disclosed price information for the plans, which will begin to be offered to consumers on Oct. 1.

California announced in May that rates would fall as much as 29 percent. But state officials later came under fire from conservative commentators who said rates could more than double for some people, depending on the demographic.

The average premium of the most comprehensive health insurance plans in New York, known as "platinum" and "gold" plans, will fall 53 percent, the date released by Cuomo showed. The figure is based on rates approved for plans from 17 insurers, including the nation's largest, like UnitedHealth Group Inc. and WellPoint Inc.

When compared with the other less-expensive plans, such as the "silver" and "bronze" plans expected to make up most of the exchange market nationwide, the average decline in price from current rates in the individual market is even higher.

New York's future pricing is largely influenced by its current market for individual plans, with health insurance more expensive than in much of the rest of the country. Only about 17,000 people buy insurance in New York's direct-pay market, a New York Department of Financial Services spokesman said.

That number is expected to grow by 615,000 over the next few years and more than half are expected to receive government subsidies, according to Donna Frescatore, executive

director of the New York Health Benefit Exchange. Another 450,000 people are expected to sign up for insurance on the exchange through small businesses, she said.

There are 2.7 million uninsured people in New York.

Starting in 2014, average premium prices for a mid-tier "silver" plan will range from \$359 per month to \$691 per month in New York City, according to information on the governor's website. Currently, premiums for individual health insurance in the city run from about \$1,000 to \$1,500 a month, according to the state insurance website.

With premium prices so high in the state, the current direct-pay individual market tends to pull in the very sick, since for people who expect rarely to need medical care, the premiums are not worthwhile. But as prices fall and subsidies are introduced, people who simply cannot afford health care are expected to sign up.

"They historically had a harder time getting younger and healthier people to get into the market" because young, healthy people were charged essentially the same premiums as older, sicker people, said Dan Mendelson, chief executive officer of Avalere Health, a research firm in Washington D.C.

Other states, like Washington and Oregon, have also announced rates that were lauded as being lower in 2014 and a boon for Obamacare. But rates for 2014 can be difficult to compare with 2013's because the new insurance plans may have more benefits than individual plans now cover, and because federal law bars insurers from turning away consumers because of prior health problems.

When state-based exchanges begin selling insurance on Oct. 1, people earning up to 400 percent of the poverty level, or about \$94,200 for a family of four, can receive government subsidies to help defray the cost. New York's premium figures announced on Wednesday do not include these subsidies.
