



Special Edition Budget Digest – Week of October 24th

Americans Pay More for Less as Obamacare Premiums Dramatically Increase

Steep Increases Announced for Obamacare Exchanges. The Obama Administration [announced](#) on October 24th sharp premium increases for health insurance coverage on the Obamacare exchanges. These increases are nearly four times larger than previously projected with the average increase across the country being 25 percent. This large increase once again shows how Obamacare is not working as promised, and why it must be repealed and replaced.

Obamacare Premium Increases Much Greater than Expected. Last year, exchange premium increases averaged 7 percent, making the Administration's announcement of a nationwide average increase for next year of 25 percent even more troubling. The situation is particularly concerning when compared to the expectation for premium increases long term. In March 2016, the Congressional Budget Office projected premiums on the exchanges would increase by 6.5 percent per year between 2017 and 2021 – meaning the 25 percent increase is nearly four times greater than earlier projections. Bottom line? Obamacare just got even more expensive.

Of note, the standard benchmark premium increase varies from state to state, and some states expect to see increases far greater than 25 percent. For example, rates will increase by an average of 116 percent in Arizona, 58 percent in Alabama, 43 percent in Illinois, 42 percent in Kansas, 40 percent in North Carolina, 69 percent in Oklahoma, and 53 percent in Pennsylvania. Additionally, monthly premiums could increase significantly for individuals applying for coverage above the benchmark, which includes plans above the second-lowest cost option, all gold plans, and all platinum plans.

More Bad News. The Obama Administration's announcement on premium increases also included confirmation that 20 percent of the HealthCare.gov shoppers for health insurance will have only one coverage option. In other words, as costs per person rise on the Obamacare exchanges, coverage options decline as health care networks grow narrower which, in turn, limits an individual's choice of physician and reduces their access to quality care. Americans are paying more for less.

How Higher Premiums Affect the Federal Budget. The benchmark premium is based upon the second lowest cost plan – the so-called silver plan – offered by the exchanges. Obamacare uses a benchmark to determine the value of the premium tax credit, or subsidy, which is provided to eligible enrollees to offset monthly premium costs. Therefore, as premiums increase, subsidies per person also increase and these increased subsidy costs are added to the Federal budget and must be paid by American taxpayers.

