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STICKER SHOCK: INSURERS REQUEST HUGE HIKES IN FLORIDA HEALTH INSURANCE PREMIUMS

Trump-GOP Tax Law Cited as Key Reason for Increased Premium Requests

ORLANDO, FL – Top insurers in Florida are requesting significant health insurance premium increases for 2019 due to the Trump-GOP tax-cut law and other Trump administration actions that are undermining the Affordable Care Act (ACA), [Organize Florida](#) and other groups charged today.

According to initial filings with the Florida Office of Insurance Regulation, insurers are requesting [average statewide premium increases of 8.8%](#) in 2019 for individuals in ACA-compliant plans participating in Florida's exchange.

While the Florida Office of Insurance Regulation did not cite the insurers reasons for the rate increases, in many other states insurance companies are specifically citing Trump-GOP policies, including continued efforts to repeal the ACA in Congress, administrative efforts to undermine the ACA's regulatory provisions, and changes to the individual mandate in the tax law as reasons for the proposed hikes in premiums. The mandate requires most Americans to buy a minimum level of health coverage if they can afford it or pay a penalty. The penalty was eliminated by the Trump-GOP tax law, [saving \\$314 billion](#) (p. 2) that is being used to partially pay for tax cuts mostly for the wealthy and corporations, including as prescription drug firms and health insurers.

The Congressional Budget Office (CBO) estimates that this change will [cause 13 million people to lose health care](#) coverage by 2025, and ACA insurance premiums to spike by 10%, on average, *most years for the next decade*. The corresponding number of Floridians who could lose ACA health insurance coverage is [estimated at 873,000](#) by the Center for American Progress (CAP). And the Institute on Taxation and Economic Policy estimated that the richest 1% of Florida families will [get a tax cut of more than \\$98,000](#) each year from the new tax law.

“We were promised lower health costs. Instead President Trump, Congress and Governor Rick Scott distributed tax cuts to billionaires, millionaires and giant corporations, “ said Stephanie Porta, Executive Director of Organize Florida. “Make no mistake, these tax cuts, paid for partially by repealing the ACA, are being paid out to the rich instead of keeping consumer prices

down. As a result, the opposite has happened from what Trump promised. Prices have skyrocketed, Floridians are losing health care in record numbers and people will die.” The effect of the Trump-GOP tax law on insurance premiums can be seen in one state, New York, as explained by this letter from EmblemHealth that recently [notified policyholders of a proposed 25% increase in premiums](#) due in part to what the company explained was:

“Removal of the Individual Mandate. The individual mandate requires more Americans to buy a minimum level of health coverage. This widens the risk pool to include both healthy and sick people. By eliminating the mandate, members may easily sign up for insurance when sick and drop coverage when they don’t need it, causing the overall risk pool to narrow and costs to rise. When only sicker people buy health coverage it costs more.”

The premium increases due to the Trump-GOP tax law will be steepest for older adults, resulting in an “age tax,” according to AARP. For instance, the average nationwide premium *increase* for a 50-year-old could be \$890 in 2019, but it [could be \\$1,490 for a 64-year-old](#). In Florida, the average 64-year-old could see a \$1,368 premium hike—rising from \$13,681 to \$15,049.

“In President Trump’s zeal to provide huge tax cuts for drug companies, health insurers other Wall Street corporations and his fellow one-percenters, he has made health care coverage a lot more expensive for millions of Floridians,” said Frank Clemente, executive director of [Americans for Tax Fairness](#). “Health care for working families should not be sacrificed to give bigger tax cuts to corporations and the wealthy.”

Insurance companies, such as EmblemHealth, have also cited the higher costs of new treatments and pharmacy drugs, and non-payment of cost-sharing reductions (CSR), which ended in October 2017, as causing costlier premiums. The discontinuance of CSR payments by the Trump administration and other harmful actions taken by the administration to undermine the ACA insurance marketplace are explained in more detail below.

OTHER DAMAGE THE TRUMP ADMINISTRATION IS DOING TO ACA HEALTH INSURANCE PLANS

Trump’s Department of Justice is arguing in court that the tax law’s repeal of the penalty for not buying insurance renders the [ACA’s individual mandate unconstitutional](#). They further argue that if this is true, then the requirement for insurance companies to sell insurance to anyone and for similar prices (regardless of age, gender, health status, occupation or other factors) should be voided. This will likely result in insurance companies refusing to sell insurance to people with preexisting conditions and charging a lot more based on someone’s health conditions or other factors—forms of discrimination the ACA was designed to end.

Additional ACA market instability was created by President Trump’s decision in 2017 to end federal [cost sharing reduction \(CSR\) payments](#) to insurance companies that lowered deductibles, co-payments and other out-of-pocket expenses for lower-income patients.

Whether or not insurers get CSR payments, they are required by law to continue providing subsidies that make coverage more affordable for about [six million](#) low- to moderate-income people insured through ACA exchanges. CBO estimated that ending CSR payments would [raise premiums by 20%](#) on average for 2018 and by 25% in 2020. The Kaiser Family Foundation found that insurers requested premium increases for 2018 [ranging from 7% to 38%](#) due to the discontinuation of CSR payments.

Another proposed Trump regulation would allow people to buy short-term, limited duration insurance (STLDI) plans for up to 12 months that can be continually renewed. Under these short-term plans, which were limited to just three months under the ACA, people with preexisting conditions can be charged more and the plans may not include coverage for maternity care, mental health treatment or prescription drugs. Nevertheless, healthy people may be diverted away from the individual market to buy these cheaper “junk plans,” driving up the average cost of premiums for everyone else. The expansion of short-term health plans could [increase premiums by 1.7% in the short term and up to 6.6%](#) in the longer term.

The Trump administration has also issued a new rule expanding “association health plans” (AHPs) that offer lower rates in exchange for fewer benefits and looser consumer protections. Like STLDIs, such plans would also siphon away younger and healthier people from the ACA plans. This change alone is estimated to [raise premiums in the individual market by up to 4%](#).

In addition, a new proposal to repeal and replace the ACA was released in June by the “Health Policy Consensus Group”—a coalition of conservative groups along with former Senator Rick Santorum and Kentucky Governor Matt Bevin. [The proposal](#), which echoes the Graham-Cassidy bill that failed in the Senate last year, would take healthcare away from millions of Americans, gut protections for people with preexisting conditions, increase premiums for older adults, and further destabilize the ACA market. Supporters of this latest effort say the Senate [could take action on the proposal](#) by August.

All the uncertainty created by these actions and the likelihood of shrinking risk pools is leading some insurers to leave the individual market altogether, causing a further premium spike that results from reduced competition in many regions.

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