The Detroit News

Get ready to pay more for health care

For half of individuals who buy insurance, rates are going up soon under Obamacare

A new study by the Kaiser Family Foundation further highlights the costs that will be heaped on individuals under Obamacare. Some Americans will get help from the government to pay for their health insurance. But just as many will pay more.

Whether President Barack Obama likes to admit it or not, prices are going up under his championed health care law. At a press conference earlier this month, Obama touted that individuals can "sign up for affordable quality health insurance at a significantly cheaper rate than what they can get right now on the individual market."

Unfortunately, that's not going to be true for about half of those people.

The Kaiser study looks at those who are buying plans on their own. In the insurance marketplace, 10 percent of individuals buy their own health plans; the other 90 percent are covered through their employers.

Slightly less than half of individuals, 48 percent, will qualify for tax credits to help them pay for insurance. It's a new subsidy designed to make people less inclined to drop their insurance from rate shock. The tax credits, based on a sliding income scale, will average nearly $2,700 next year for purchased coverage.

The subsidies would cover 32 percent of the premiums of the average "silver" plan offered through state insurance exchanges.

People will receive subsidies up to 400 percent of the federal poverty line, which translates to about $45,000 a year for a one-person household or $94,000 for a family of four.

Those aren't exactly the salaries of Wall Street hot shots.

The other 52 percent who won't qualify for the tax credits will almost surely pay more. Starting Oct. 1, individuals can start enrolling in the new plans.

Coverage is effective Jan. 1.

Edmund Haislmaier, a research fellow at the Heritage Foundation's Center for Health Policy Studies, points to a recent comparison of individual rate plans in Florida — before and after Obamacare.

The average per-person premium increase (looking at 10 insurance companies) is 39 percent. That's a sizable hike.

"These people aren't happy," Haislmaier says.

Part of the increase is because insurance companies are being forced to offer more benefits and cover more people with pre-existing conditions.

That’s like an airline telling passengers they got upgraded to first class without asking for it and then billing them for the privilege, Haislmaier says.

Suddenly it’s not such a great deal anymore.

Michael Cannon, director of health policy studies at the Cato Institute, says it’s difficult to speculate what the average increase will be nationwide, as health insurance costs vary widely by state.

But there’s not much doubt prices will rise.

And when individuals — especially healthy, young ones — are tasked with shelling out more for their insurance, it’s very likely they’ll opt not to buy it.

“All they have to do is not buy health insurance. The whole thing could fall apart,” Cannon says of Obamacare’s future.

The cost hikes will be felt by those who get coverage through their employers, too.

Earlier this year, the Obama administration delayed the employer mandate until 2015 — the provision requiring businesses with 50 or more full-time employees to provide health insurance.

But before you pronounce Obama the defender of businesses, the health care law will still make them pay more for health plans.

That means employees will bare the brunt of that cost hike, with fewer benefits, lower wages and withheld raises, says Cannon.

It’s unreasonable to ask people to pay more for coverage they don’t want, and the higher cost for many individuals is another example of the fundamental flaws in Obamacare.