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Feds ‘confident’ Arizonans will have health options, as insurers pull out

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Federal officials “remain confident” that Arizona residents will have options when they look for health care under the Affordable Care Act next year, even as another insurer pulled out of the insurance marketplace in the state.

The announcement that Phoenix Health Plans Inc. will leave the Maricopa County marketplace in 2017 means that up to 126,000 county residents could have just one insurance option when open enrollment for Obamacare begins Nov. 1.

Phoenix Health Plans is the latest in a string of insurers that have scaled back coverage in Arizona, leaving 13 of the state’s 15 counties with just one potential provider next year. Only Pima County is currently expected to have two providers and Pinal County does not have any at the moment, officials said.

Health care analysts attribute the withdrawals to an insurance market that is still trying to figure itself out, and said they expect the number of insurers to bounce back.

“There is never going to be a set number of insurers. There will regularly be some dynamic moves in the marketplace and that’s what makes it healthy,” said Jennifer Sullivan, the director of Best Practices Institute with Enroll America.

Phoenix Health Plans joins Aetna, Health Choice, Humana, UnitedHealth, Blue Cross Blue Shield and Health Net, all of which have pulled out or pulled back from an ACA marketplace in Arizona where many were losing money.

Cynthia Cox, associate director of health reform and private insurance at the Kaiser Family Foundation, said the companies that are pulling out have not been able to compete with the “scary-low premium” that remaining insurers were offering, so they cut their losses.

But she said the latest exit leaves Maricopa County, the most populous county in the state, in an “unusual” position.

“In most other parts of the country, large cities like Phoenix have multiple insurers participating in them,” Cox said. “Arizona is by far the most affected state when it comes to these exits.”

But Cox and others predict that Arizona residents will see a more stable market for 2018.

“It will depend on how strong enrollment is this coming year and also how the election goes,” Cox said. “It appears some insurers are dropping their exchange plans in 2017 so that they can go back to the drawing board and re-enter in 2018.”

Sullivan said insurance companies in Arizona may even come back into the market before November.

“It’s not final yet, we still have several weeks until rates will be finalized,” Sullivan said. “It’s still too early to say this is anything dire for consumers in Arizona. There will be plans available for folks at different rates.”

Not everyone agrees. Michael Cannon, director of health policy at Cato Institute, said the withdrawals are not market-driven but are the result of a poorly developed health care plan. “What’s happening is the market is not leaving out those who aren’t providing what consumers want, they’re leaving out those who are providing what consumers want,” Cannon said. “It’s rewarding carriers who provide very narrow, or very limited access to healthcare.”

Stephen Briggs, a spokesman for Arizona’s Department of Insurance, said there is little the state can do to lure insurers back into the marketplace.

“If it was a state-funded exchange, we would probably have answers,” he said. “The only thing that the Arizona Department of Insurance is responsible for, and that we have the authority to do, is review the forms and filing rates by these insurance companies.”

But Briggs said the department would remain “flexible” when it comes to working with insurance companies and the federal health care system.

While the state may not have plans to bring insurers back into the marketplace, U.S. Department of Health and Human Service officials “remain confident that all Arizona residents will have access to coverage next year,” department spokeswoman Marjorie Connolly said in an emailed statement.