



Record Number of Insurers Expected to Leave Obamacare Exchanges in 2017

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Obamacare's hemorrhaging of private insurers will have no program-saving tourniquet in the coming year.

A recent report from the Kaiser Family Foundation predicts a record number of insurers will leave the Affordable Care Act exchanges in 2017, with many additional insurers scaling back coverage.

At least 23 companies plan to leave one or more states' exchange markets, KFF reports. On a state by state basis, this amounts to 66 unique exits, with UnitedHealth exiting 29 states, and Aetna exiting 11 states.

In effect, this most recent round of impending exits signals an upsurge in the seemingly inevitable decline of Obamacare's long-term sustainability.

"The simple fact is we've heard from many insurers that they've experienced significant losses in this market," said Cynthia Cox, associate director of KFF's Program for the Study of Health Reform and Private Insurance.

And the figures back up that claim. In many parts of the United States, as noted by the Cato Institute, only one insurer remains in the exchange. A lack of options, coupled with premiums rising by an average of 50 percent in some cases, has still done nothing to stop the "substantial losses suffered by a number of health insurance companies," Cox said.

So what has led to this drop-off in viability for Obamacare?

The reason can be traced back to the start of the Affordable Care Act's rollout, during which insurance companies were operating with such little information and in a completely reformed market — so much so that federal programs were put into place to help mitigate losses faced by insurers on the off chance the natural workings of the exchanges didn't lead to profitability.

In hindsight, we already know such profitability would be nebulous, but what was entirely unpredicted was just how poorly insurers would fare in the Obamacare exchanges. As a result,

even these “risk-mitigating” programs — including the “risk corridor” program, which would have seen the federal government offset losses for insurers — are no longer sustainable under such losses.

“The simple truth is that there are fewer healthy people enrolling in these exchanges to balance out the sick people,” Cox said.

And because Obamacare’s architects underestimated just how expensive it would be to provide an additional 20 million people with health insurance, Cox said we’re seeing the fallout only continue to grow.