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## Press Release

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### **Alaska Health Insurance Rates to Increase Substantially Due to Obamacare**

September 4, 2014, Anchorage, Alaska – The Alaska Division of Insurance today announced that rates for health insurance plans covering nearly 16,000 Alaskans will increase substantially in 2015 as a result of the Affordable Care Act.

A thorough and lengthy review by the Division of Insurance shows that as a direct result of the ACA, insurers offering health plans in the individual market require historic rate increases, as high as 37 percent in 2015. Despite these increases, extensive cost and loss data show that these insurers will still incur millions of dollars in losses.

“Governor Parnell has expressed concern from the beginning that Obamacare’s one-size-fits-all approach to health care for Alaskans is not going to work in our state, and that heavy-handed federal mandates, taxes, and penalties will only add to Alaska’s health care costs,” said Susan Bell, commissioner of the Department of Commerce, Community and Economic Development. “His concerns are, unfortunately, proving to be true.”

The most significant increases will impact Alaskans purchasing individual insurance both in and out of the Federally Facilitated Marketplace (FFM). The hardest hit will be the approximately 6,000 Alaskans who pay for their own health insurance and do not receive federal subsidies through the exchange. Actual premiums will vary and may be higher or lower than the aggregate rate.

In 2013 and 2014, the Parnell administration protected Alaskans from cost increases by allowing individuals to keep health care plans that were grandfathered in, and not in compliance with the costly federal mandates, for as long as possible.

“As a result of state action over the past year, Alaskans who liked their grandfathered plans were able to keep them,” said Commissioner Bell. “Until late 2016, they are able to retain their current plan, which in most cases is a less costly option than the plans offered in the federal exchange. The Division of Insurance will continue to actively seek ways to protect Alaskans from further Obamacare regulations that increase their costs.”

The Division of Insurance is required by state statute and federal regulation to review insurance rates annually.

“The Division of Insurance has applied a rigorous review of the rate increases requested by insurers,” said Division of Insurance Director Lori Wing-Heier. “Our staff has gone over the information with a fine tooth comb to ensure that the rates are in line with the expected claim experience in the individual market to ascertain that the insurer retains the financial ability to pay the claims. The division is required by state law (AS 21.54.015 and AS 21.51.405) to approve rates when the rate is justified based on the historic results of the plan, and in 2014, the results are not good. The combination of high health care utilizers and the impact of new federal mandates created a very large expense that is too big to be spread across participants without a significant increase in rates. In larger states, they have a large enough population to spread this expense more evenly, but in Alaska we simply don’t have that volume. The state does not have the legal authority to order an insurer to not comply with an Obamacare mandate. If an Obamacare requirement has a cost associated with it, unfortunately consumers shoulder that cost through the rates and in the individual market the data confirms that the rates need to be increased.”

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