



THE STATE
of **ALASKA**
GOVERNOR SEAN PARNELL

Department of Commerce, Community,
and Economic Development

OFFICE OF THE COMMISSIONER

P.O. Box 110800
Juneau, Alaska 99811-0800
Main: 907.465.2500
Programs fax: 907.465.5442

Op/Ed ADN

By Commissioner Susan Bell

In the next few weeks, many Alaskans will be informed of significant increases in the cost of their health insurance. While the degree of increase may surprise some, others will remember that many analysts predicted that the Affordable Care Act (ACA), otherwise known as Obamacare, would be anything but affordable.

When the ACA open enrollment period ended for 2014, approximately 16,000 Alaskans had purchased individual health insurance plans, with nearly 9,000 receiving federal subsidies through the Federally Facilitated Marketplace.

Insurers are required to file rates with the state that are adequate to keep the company solvent, but do not result in excessive profits. Because the mandates of the ACA were new and the insurers did not have any experience to draw from, they relied on assumptions to set their rates. As many predicted, those assumptions were too low, and the insurers took substantial losses.

Here is the problem for Alaskans: With just 16,000 enrollees, the pool is not large enough to spread the necessary increase in costs without resulting in substantial rate increases to consumers.

Obamacare requires that insurance plans meet a federally mandated threshold known as "essential health benefits," limiting consumer choice and raising costs by requiring that individuals purchase health plans covering a wide range of services, from wellness care to mental health and substance use disorder services.

Prior to implementation of the ACA, a consumer could choose which services and coverage they were willing to pay for and at what price point. Now, the federal government chooses for them, and they are required to pay up, or pay a penalty.

The Parnell administration has worked diligently to protect Alaskan consumers from the inevitable rising costs of health care due to the ACA for as long as possible. In 2013, a bulletin was issued allowing insurers to cancel and rewrite their individual small group policies prior to ACA implementation, delaying the requirements for "essential health benefits" and associated higher costs. When the opportunity presented itself, we took advantage of the extended transition, allowing individual and small group consumers to keep the insurance plans they chose themselves until October 2016.

We will continue to look for solutions and work with stakeholders, consumers, and insurers to keep rates as low as possible. Unfortunately, even with all that the administration is doing to keep rates reasonable, guarantee compliance with the applicable statutes and federal regulations, and be responsive to Alaskans, Obamacare remains far from affordable.