

Insurance premiums soar in Memphis State sees increases far above national average

Tom Charlier Memphis Commercial Appeal USA TODAY NETWORK – TENNESSEE

Tennessee as a whole and Memphis in particular were hit by unusually sharp increases this year in the cost of health insurance premiums purchased in marketplace exchanges under the Affordable Care Act, a new report shows. Monthly premiums for the lowest priced silver plan available to a 40-yearold nonsmoker in Tennessee rose from an average of \$433 last year to \$597 in 2018, a jump of 37.9 percent, according to the figures compiled by the Urban Institute. The average cost of the lowest- priced gold plans statewide shot up from \$673 to \$910, or 35.1 percent.

The increases in Tennessee far exceeded those across the U.S., according to the report. Nationwide, the cost of the cheapest silver plan rose 29.8 percent, from \$342 to \$444, while premiums for the lowest-priced gold plan surged from \$439 to \$518, a change of 18 percent, or less than half the Tennessee increase. The study's examination of selected large markets showed the increases were even greater in Memphis.

Premiums for the cheapest silver plans locally increased by 51.2 percent, from \$398 to \$601, while the lowest-priced gold premiums shot up 83.6 percent, from \$539 to \$989.

The increases for Nashville, the other major market examined in the study, were far less. Premiums for the lowest-priced silver plans there went up an average of 37.7 percent, from \$400 to \$550, while the cheapest gold plans increased by 52 percent, from \$542 to \$824.

Linda Blumberg, an institute fellow with the Health Policy Center of the Urban Institute, said significant increases were expected in the silver premiums in part because of a policy change imposed by the Trump administration. The Department of Health and Human Services stopped reimbursing insurers for the cost-sharing reductions the companies are required to provide enrollees with incomes below 250 percent of the federal poverty level.

Last year, 88 percent of the 234,125 people enrolled in the Tennessee exchange received premium subsidies.

Forced to absorb those costs, insurers were instructed by Tennessee and many other states to roll them into premiums for the silver plans, which tend to fall near the middle of coverage categories offered under the ACA.

Blumberg said it's unclear why gold plans — which have higher premiums while providing greater coverage — also rose so much in Tennessee, given that they weren't affected by the loss of reimbursements. "I'm not sure what's going on there or how they (insurers) justify that," she said.

Blumberg said she also couldn't say why the Memphis area saw higher premium increases than other parts of Tennessee. Insurers are supposed to treat each state as a single risk pool, she said.

Premiums tend to be higher in markets where there is little or no competition among insurers, she said.

There is only one provider in six of eight regions of Tennessee, including Memphis, where Humana left in 2017 and Blue Cross Blue Shield of Tennessee pulled out the previous year, leaving only Cigna.

Perhaps because of the higher premiums — coupled with a greatly reduced enrollment period — the number of Tennesseans who selected a marketplace plan fell by 2.3 percent in 2018 to 228,646.

With the declining enrollment under ACA, the number of uninsured residents is likely to grow, industry officials say.

Dr. Scott Morris, founder and CEO of Church Health in Memphis, which provides care to people without insurance, said the "working poor" have had an especially hard time affording coverage. "People just say, 'I'm just going to hope and pray I don't get sick,' and that works fine until they get sick," Morris said.