

## Health Insurance Premiums Going Up – Why Fear is the Wrong Answer.

Big changes are coming, and what it costs to buy health insurance will change dramatically beginning January 1<sup>st</sup>, 2014. Can we afford to focus on blaming someone or something? Instead, let us focus on how it is happening. So, I want to take a minute to explain what is changing.

Costs for many consumers will change to “even out” the age and gender differences in how health insurance is priced today. Both of these factors have a big impact on premiums. Younger people generally cost less than older people. But, young men are less expensive than young women, due to pregnancy. Older men, in their 50’s and beyond, are more expensive than older women because of sudden incidents of heart and other serious medical conditions. Eliminating gender pricing differences and reducing age pricing variances could result in a big cost shift for some consumers. The following graph illustrates the cost impact of the changes.

Today, your overall health impacts how much you pay for health insurance. Whether you are buying your own policy or working for a small business, your health plays a role in determining pricing. In addition, you could be turned down for coverage in some situations, or charged a lot more because of health conditions. Both of these realities go away on January 1<sup>st</sup>, 2014. This change will cause premiums for most people to increase.

Change	Individual Market Impact	Small Group Market Impact
Eliminate Gender Factor	\$\$\$	\$
Restrict High-Low Differences due to Age	\$\$	\$\$
Add Essential Benefit Mandates	\$\$	\$
Raising Plans to Minimum Benefit & Actuarial Value	\$\$	\$\$
Eliminating Impact of Medical Underwriting	\$\$\$\$	\$\$
Taxes & Fees	\$	\$
Reinsurance Costs	\$	\$
Exchange Fees	\$	\$
Subsidies	\$\$	
Tax Credits		\$

**Impact of changes on the cost of health insurance.**  
 Key: The more dollars, the bigger the change. Red dollars mean premiums go up, while green dollars mean costs decrease for buyer. © 2013, NCAHU

Also, there are new taxes and fees that will be charged on most insurance plans. These taxes and fees will make the cost of coverage go up for nearly everyone. Insurance providers will also be required to include certain benefits that may or may not be included in your current insurance. This change will likely add to the cost of health insurance.

To offset these changes, people buying their own coverage may choose to buy insurance through the Health Insurance Marketplace that is coming this fall. Many of these individuals and families will be able to receive tax credits to help pay for some of their health insurance. We don’t know all the details of how it will work, but it is pretty clear that many of the clients I work with will now have a variety of options. What they choose will depend upon their needs, budget, and if they receive a tax credit.

In the coming weeks, there will be headlines about premiums going way up. But remember, how it affects you is likely to be completely different from how it does someone else. The good news is agents are here to help you through this process and answer your questions along the way.