

HEALTH CARE INSIDER

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LARGE HEALTH INSURERS POTENTIALLY WITHDRAWING FROM AFFORDABLE CARE ACT

Health insurance companies are potentially withdrawing from the Affordable Care Act's exchanges. This would cause millions of people to find new coverage.

The Affordable Care Act established networks for federal and state exchanges in which the uninsured who can't get insurance through their employer can obtain insurance through these exchanges.

Insurance companies are struggling to attract enough healthy patients to exchange coverage to cover less healthy patients. Until this happens, exchanges won't be financially viable for an insurance company to continue providing coverage through exchanges. The risk pool needs to improve with more healthy people joining the exchanges.

The nation's largest insurer, United Healthcare, announced that they are

going to pull back their marketing efforts in 2016. This is because they don't see themselves in the market in 2017. Steven J. Hemsley, UnitedHealth Group Chief Executive, said the company isn't willing to continue its losses into 2017. He said, "We can't subsidize a market that doesn't appear at this point to be sustaining itself." The company has reported losses of about 700 million in the exchanges business last year. The company also projects losses in 2016 to be between \$200-\$250 million. The exchanges have lowered the earnings expectations for the 4th quarter in 2015 by more than \$400 million. The company will make decisions based upon market-by-market determinations in the 1st and 2nd quarter of 2016 to decide whether or not they are going to continue on the exchanges.

United Healthcare for example, would stay within its Medicaid and Medicare business, which will also consist of its employer based group coverage. In these areas the Obamacare regulation has a lot less impact. The future will only tell us whether or not United Healthcare and other major providers will continue with their exchange business or not.

By Harold Burns, CPA
National Health Care Practice Leader

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HEALTH CARE FOR FAMILY COVERAGE CONTINUES TO CLIMB

The cost of an employer's average health care coverage passed \$17,000 for a family plan in 2015. In 2014 the average cost of an employer family plan was \$16,834. In 2015 the average cost is now \$17,545. This is a 4.2 percent increase over the previous year. Kaiser Family Foundation and Health Research & Educational Trust completed the research from this project. The cost of the insurance premium paid by the employee stayed the same at 29 percent for family coverage.

For individual coverage, an employer's cost of single employee insurance was \$6,251, which increased around 4 percent from the previous year. This was very close to the increase that happened with the family coverage. The average deductible for single coverage is also on the way up. This year the average deductible was \$1,318, compared to \$1,217 for last year. Five years ago the deductible was only \$917. That equates to over an 8 percent increase this past year. Premium rates are rising faster than income, which makes health care less affordable.

Some larger employers are trying to change employees' status from full time to part time to avoid the amount of employees eligible for coverage but surprisingly, more are actually doing the opposite of increasing the numbers of employees who can get health benefits to compete for eligible employees.

This trend of increasing premiums and increasing deductibles doesn't seem to be changing anytime soon. No matter which way you state it, employers and employees will continue to pay more relative to inflation. Stay posted because something over the long term will need to change.

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PROVIDING VALUE TO THE HEALTH CARE INDUSTRY

Today's growing and advanced health care industry is a fast-paced environment where regulatory issues, competition, and rapidly changing consumer expectations converge. Managing risks and realizing opportunities becomes a more important focus as health care organizations decide how they will adapt and evolve their business models for long-term survival.

Ensuring today's actions will lead to achieving long-term goals can be a major challenge for anyone. Many health care organizations are unable to address the issues at hand and consider the "big

picture" because they are overwhelmed with urgent matters and patient care. UHY LLP's National Health Care Practice brings an understanding of the industry together with innovative solutions that have a positive impact on bottom line. We understand the challenges facing health care providers and facilities.

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