

Middle-Class Families Confront Soaring Health Insurance Costs



Ian Dixon, right, said he might hire an employee just so he could buy health insurance as a small business, at a cost far below what he and his family would have to pay on their own. Credit...Matt Eich for The New York Times

By [Robert Pear](#)

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CHARLOTTESVILLE, Va. — Consumers here at first did not believe the health insurance premiums they saw when they went shopping for coverage this month on HealthCare.gov. Only five plans were available, and for a family of four with parents in their mid-30s, the cheapest plan went typically for more than \$2,400 a month, nearly \$30,000 a year.

With the deadline for a decision less than a month away, consumers are desperately weighing their options, dismayed at the choices they have under the Affordable Care Act and convinced that political forces in Washington are toying with their health and well-being.

“I believe in the Affordable Care Act; it worked for me under the Obama administration,” said Sara Stovall, 40, who does customer-support work for a small software company. “But it’s not working as it was supposed to. It’s being sabotaged, and I feel like a pawn.”

Ms. Stovall said she might try to reduce her hours and income, so her family could qualify for subsidies on offer to poorer families to help pay for premiums.

Heather Griffith, a 42-year-old real estate broker, said she would put aside much less money for her retirement and the education of her two young children so she could pay the premiums.

And even though he does not need an assistant for his work as a developer of mobile apps, Ian Dixon, 38, said he might hire an employee just so he could buy health insurance as a small business, at a cost far below what he and his family would have to pay on their own.

“If one word captures all this, it’s ‘helpless,’” Mr. Dixon said. “There’s rage and anger and all that stuff in there, too. Any reasonable person would agree that this should not be happening. And there’s no one to go talk to about it. There’s no hope that this is going to get fixed.”



Sara Stovall said she might try to reduce her hours and income, so her family could qualify for subsidies on offer to poorer families to help pay for premiums. Credit...Matt Eich for The New York Times

The situation here in Charlottesville is an extreme example of a pattern that can be seen in other places around the country. The Affordable Care Act is working fairly well for people who receive subsidies in the form of tax credits, said Doug Gray, the executive director of the Virginia Association of Health Plans, which represents insurers. But for many others, especially many middle-class families, he said, “the premium is outrageous, and it’s unaffordable.”

Congress’s repeated efforts to repeal President Barack Obama’s signature health law have rattled insurance markets. Actions by President Trump and his administration have added still more

uncertainty. Now, Senate Republicans have attached a provision to their \$1.5 trillion tax cut that would repeal the health law's mandate that most Americans have health insurance or pay a penalty.

All of those actions — along with flaws in the law itself — are having real-world impact.

“We share their pain,” Michael M. Dudley, the president and chief executive of Optima Health, said of his Virginia customers now shopping for policies on the health law's online exchange. “The rate increases are very high. We can't minimize that because it's a fact.”

The Dixon family, which includes two girls ages 1 and 3, has been paying \$988 a month this year for insurance provided by Anthem Blue Cross and Blue Shield. But Anthem plans will not be available in Charlottesville next year. The company told customers that uncertainty in the insurance market “does not provide the clarity and confidence we need to offer affordable coverage to our members.”

The online federal marketplace, HealthCare.gov, recommended another plan for Mr. Dixon in 2018. The new plan, offered by Optima Health, has premiums of \$3,158 a month — about \$37,900 a year — and an annual deductible of \$9,200.

Alternatively, Mr. Dixon could pick a lower-cost plan offered by Optima with premiums of about \$2,500 a month, or \$30,000 a year. But the deductible would be much higher. The Dixons would need to spend \$14,400 a year for certain health care services before Optima would begin to pay.

The Stovalls are facing similar mathematics.

“Our premiums will triple to \$3,000 a month, with a \$12,000 deductible, and that is far, far out of reach for us,” Ms. Stovall said after researching the options for her family of four on HealthCare.gov. “We are not asking for free health insurance. All we want is a reasonable chance to buy it.”



Mr. Dixon credited the Affordable Care Act with encouraging him to work for himself as a mobile app developer. Credit...Matt Eich for The New York Times

Subsidies are available to help low- and moderate-income people pay premiums, but no financial assistance is available to a family of four with annual income over \$98,400.

Optima, a division of Sentara Healthcare, invited customers to [share their personal stories](#) on its Facebook page, and they obliged, with a fusillade of plaintive and sardonic comments.

Bill Stanford, who works for a floor-covering business in Virginia Beach, [said](#), “Optima Health Care just raised my premium from an absurd \$1,767 a month to an obscene \$2820.09 per month,” which is more than the mortgage payments on his home for a family of four.

“At an average of \$60 per visit,” Mr. Stanford said, “I could visit the doctor’s office 45 times a month for the premium that I’m paying. I think we will probably drop our insurance and get a gap policy.” Such short-term insurance is meant to fill temporary gaps, but typically does not cover maternity care or treatment for pre-existing medical conditions.

Mr. Dudley said in an interview that Optima, a Virginia company, felt an obligation to continue serving Virginians when larger national insurers were pulling back. But, he said, Optima is affected by the same factors destabilizing insurance markets elsewhere. These include President Trump’s decision to [terminate certain federal subsidies](#) paid to insurers and doubts about the future of the requirement for most Americans to have insurance — the individual mandate, which would be eliminated by the Senate Republicans’ tax bill.

And in the Charlottesville area, Mr. Dudley said, costs are high because many people receive care from an expensive academic medical center at the University of Virginia.

Carolyn L. Engelhard, director of the health policy program at the university's School of Medicine, acknowledged that teaching hospitals often charged more. But another factor, she said, is that Virginia has not regulated insurance rates as aggressively as some other states

Consumers are feeling the effects.

"Obamacare helped me," Ms. Griffith said. "I had a pre-existing condition, could not get insurance and had to pay cash, nearly \$30,000, for the birth of my first baby in 2010. For my second pregnancy in 2015, I was covered by Obamacare, and that was a huge financial relief."

But the costs for next year, she said, are mind-boggling.

She and her husband, both self-employed, expect to pay premiums of \$32,000 a year for the cheapest Optima plan available to their family in 2018. That is two and a half times what they now pay Anthem. And the annual deductible, \$14,400, will be four times as high.

"I have no choice," Ms. Griffith said. "I agree that we need to make changes in the Affordable Care Act, but we don't have time to start over from scratch. We are suffering now."

Jill A. Hanken, a health lawyer at the Virginia Poverty Law Center, said, "People who qualify for premium tax credits are finding very affordable plans with low premiums, and those consumers are quite pleased." But she added: "For people who don't qualify for tax credits, the cost of plans has truly skyrocketed. They can't afford or don't want to pay the high premiums."

When the Affordable Care Act was adopted in 2010, Democrats like Nancy Pelosi, who was then the House speaker, said the law would make it easier for people to switch jobs or start their own businesses because they would not have to worry about losing health insurance.

"We see it as an entrepreneurial bill," Ms. Pelosi said, "a bill that says to someone, if you want to be creative and be a musician or whatever, you can leave your work, focus on your talent, your skill, your passion, your aspirations because you will have health care."

And for a few years, Mr. Dixon said, that idea was appealing. "I would not be an entrepreneur if it were not for Obamacare," he said.

With soaring premiums, that option is less attractive.

"When I saw the insurance prices for 2018, my initial instinct was to try and go back to my previous employer," Mr. Dixon said. "But that would just smell of desperation."

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