REALHEALTH

Why Is Aetna Withdrawing From Obamacare?

The insurer threatened to pull out if the government blocked a merger. Now, it claims Obamacare is too costly.

August 19, 2016

Citing financial losses, the health insurer Aetna announced it was drastically cutting back its participation in the Affordable Care Act (ACA, or Obamacare). The move will force customers in 11 states to seek insurance elsewhere and could be viewed as a sign that the president's signature legislation is in trouble.

But as Huffington Post reports, Aetna might have had other motives for withdrawing from the public insurance marketplace. Aetna's CEO, Mark Bertolini, had threatened federal officials that the insurer would end its participation in Obamacare if its merger with Humana wasn't allowed to move forward.

The Justice Department then announced it was suing to block the merger. Before that move, Bertolini had told investors that Obamacare was a good investment for the company and that Aetna could sustain losses in the public marketplace.

Aetna is not the only large insurer to complain about losing money by participating in the public plans; the losses stem from the fact that younger and healthier people are not signing up in droves, especially in light of rising rates to join.

So does this mean that Obamacare is an unsustainable failure and that Aetna is in the red? Hardly, writes Michael Hiltzik in the Los Angeles Times. "The truth is," he writes, "[Aetna] is well in the black. The company has projected losses of $300 million on its exchange business for 2016, but in the same conference call in which he dissed the ACA exchange business, Bertolini also announced a record $6.5 billion in government program premiums for the first quarter of 2016 alone, an increase of 13 percent over the same quarter a year ago.

"Aetna's not alone," Hiltzik continues. "UnitedHealth, which has distinguished itself with the volume of its whining about Obamacare exchange losses and the speed of its withdrawal from that business, disclosed last month at its second-quarter earnings conference call that its Medicaid business is doing fabulously. Its revenue in that line rose 14.7% to $8.3 billion year-to-year and it added 225,000 enrollees, including new members in Iowa, New York and Pennsylvania, which have expanded Medicaid under the ACA."

To counter the negative publicity about insurers leaving the market and the prices of coverage increasing, the Obama administration is actively encouraging younger people (that is, healthier people) to sign up for ACA health plans. The next open enrollment begins in November, and, as The New York Times reports, the administration is looking for Obamacare consumers to give testimonials in an advertising campaign about the benefits of health insurance.

In related news, AIDS United, writing in its policy blog on POZ.com, notes that although more Americans now have health insurance—in fact, an all-time high of 91 percent—many of them can't afford coverage because of out-of-pocket expenses like high deductibles and drug co-payments.
