



## palmetto policy F O R U M

### Obamacare: Packs Its Punch on Young & Rural South Carolinians

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*Imagine for a minute that 5 years ago, your 90 year-old grandmother chose a very simple cell phone that has four huge buttons, each capable dialing a single number: her two children, her physician and 911. Her monthly bill is \$14.95 including taxes and fees.*

*Imagine then that a government agency comes along, declares her phone and plan “substandard” and replaces her no-frills phone with a Samsung Galaxy smart phone and a fee of \$149 per month.*

*Now Grandma has a phone she can't really use full of features she doesn't really need at a cost she can barely afford on her fixed income. Would you stand for that? Of course not.*

But that is exactly what has happened with health insurance under Obamacare...and not just for Grandma.

The health plans we were told we “could keep” are no longer available...and the plans replacing them are expensive and full of features we don't want or need. In fact, our research shows that young South Carolinians and those living in rural areas are getting hit the hardest.

#### **BY THE NUMBERS**

In the last quarter of 2013, the United States Department of Health and Human Services (HHS) released its listing of healthcare plans available through Affordable Care Act (ACA) exchanges, along with premiums for each plan. Because South Carolina chose not to create its own exchange, the costs are for plans offered on a federally-administered exchange operating in the state and the 33 other states that do not run their own programs.<sup>1</sup>

The five categories---*Catastrophic, Bronze, Silver, Gold and Platinum*---reflect the level of benefits and the percentage of costs the policyholder will pay. Under the *Catastrophic* and *Bronze* plans, subscribers will pay 40% of the cost, *Silver* plan holders will pay 30% and *Gold* 20%. The out of pocket cost for the *Platinum* plan would be 10%, but no *Platinum* plans are offered in South Carolina as a part of an exchange. Four companies are offering plans in various parts of the state: Blue Choice Health Plan, BlueCross BlueShield of South Carolina, Consumers' Choice Health Plan and Coventry One. (Coventry One is offering plans in only 13 of the state's 46 counties.)

So, what is the bottom line?

The price for Obamacare is steep in South Carolina and hard on the **rural** and the **young** especially.

Statewide, the average price for the *Gold* plan is \$12,107 per family per year. That ranks South Carolina at **#19** among the 50 states. The *Catastrophic* Plan, designed for only major medical events, is nearly \$8,000 per year per family, which is the **8<sup>th</sup>** most expensive rate in the country.

**Table 1: Average Yearly Insurance Cost by Age Group and Plan Type in SC**

Plan Type	Age 27	Age 50	Family	Single Parent Family	Couple	Child
Catastrophic	\$2,308	\$3,934	\$7,797	\$5,297	\$5,630	\$1,399
Bronze	\$2,600	\$4,431	\$8,783	\$5,967	\$6,341	\$1,575
Silver	\$3,079	\$5,248	\$10,402	\$7,067	\$7,510	\$1,866
Gold	\$3,584	\$6,108	\$12,107	\$8,225	\$8,742	\$2,172

*Average Gold Plan costs a family \$12,107 per year.*

*Gold Plan in Abbeville, Greenwood, McCormick and Saluda is \$18,954 annually.*

ACA is particularly hard on rural counties. According to Palmetto Policy Forum’s analysis of **rural** versus urban counties (Table 2), rural counties pay significantly more in premiums. This is common across the country. Tom Hirsig, Wyoming’s Insurance Commissioner characterized it this way: “I think the problem was that the Affordable Care Act was designed for where the majority of the people live, in the big cities where there’s a lot of competition among health care providers.”<sup>ii</sup>

**Table 2: Average Family Monthly Insurance Cost by Residence and Plan Type in SC**

Plan Type	Rural County Family	Urban County Family
Catastrophic	\$669	\$632
Bronze	\$744	\$725
Silver	\$871	\$863
Gold	\$1,025	\$998

One also wonders what happened in the **Upper Savannah** region, where rates are also significantly higher. For one Gold Plan, Abbeville, Greenwood, McCormick and Saluda Gold Plans cost a family \$18,954 annually. That’s nearly \$7,000 per year more than the state average. Chester and Lancaster also suffer from abnormally high rates.

As for the **young**, they are getting hit hard as well...*if they sign up*. Reports coming out of California, Kentucky, Connecticut and Michigan<sup>iii</sup> show sign-ups are out of proportion to demographic reality, leading to what health experts term “adverse selection” where rates continue to climb. The average age is high and younger Americans aren’t signing up like the 55-64 year old group. This is alarming for ACA supporters, which was based on a Ponzi-scheme financial model that required everyone to buy insurance so that the younger and healthier would subsidize the older and sicker. But young people just aren’t taking the bait.

So while technical issues with the Obamacare website are being fixed, the far greater underlying problems with the bill itself persist and will continue to deliver increasing pain to rural and young South Carolina. ☒

## Appendix: Average Family Monthly Insurance Cost by County and Plan Type in SC

Counties	Catastrophic		Bronze		Silver		Gold	
	Dollars	Rank	Dollars	Rank	Dollars	Rank	Dollars	Rank
<b>ABBEVILLE</b>	<b>\$760</b>	<b>3</b>	<b>\$811</b>	<b>3</b>	<b>\$940</b>	<b>6</b>	<b>\$1,197</b>	<b>3</b>
AIKEN	\$700	10	\$775	11	\$906	11	\$1,064	10
ALLENDALE	\$665	18	\$733	20	\$856	23	\$1,016	17
<b>ANDERSON</b>	<b>\$722</b>	<b>8</b>	<b>\$806</b>	<b>5</b>	<b>\$946</b>	<b>3</b>	<b>\$1,087</b>	<b>9</b>
BAMBERG	\$648	24	\$729	21	\$856	22	\$967	31
<b>BARNWELL</b>	<b>\$725</b>	<b>7</b>	<b>\$805</b>	<b>6</b>	<b>\$942</b>	<b>4</b>	<b>\$1,097</b>	<b>8</b>
BEAUFORT	\$593	35	\$664	44	\$780	45	\$889	44
BERKELEY	\$589	38	\$706	32	\$853	25	\$955	33
CALHOUN	\$574	43	\$686	39	\$830	35	\$932	41
CHARLESTON	\$570	44	\$682	41	\$820	38	\$927	42
CHEROKEE	\$643	25	\$716	27	\$838	33	\$971	30
<b>CHESTER</b>	<b>\$731</b>	<b>5</b>	<b>\$792</b>	<b>8</b>	<b>\$922</b>	<b>7</b>	<b>\$1,133</b>	<b>5</b>
CHESTERFIELD	\$654	23	\$726	25	\$849	30	\$992	24
CLARENDON	\$633	27	\$707	31	\$829	36	\$952	37
COLLETON	\$674	17	\$761	14	\$894	14	\$1,004	19
DARLINGTON	\$655	22	\$727	22	\$851	28	\$994	21
DILLON	\$678	14	\$754	15	\$884	17	\$1,024	15
DORCHESTER	\$587	39	\$703	34	\$852	26	\$953	36
<b>EDGEFIELD</b>	<b>\$676</b>	<b>16</b>	<b>\$746</b>	<b>18</b>	<b>\$872</b>	<b>19</b>	<b>\$1,032</b>	<b>14</b>
FAIRFIELD	\$582	40	\$691	38	\$834	34	\$954	35
FLORENCE	\$596	33	\$708	30	\$847	31	\$979	26
GEORGETOWN	\$663	19	\$741	19	\$869	20	\$997	20
GREENVILLE	\$574	42	\$676	42	\$817	41	\$949	39
<b>GREENWOOD</b>	<b>\$795</b>	<b>1</b>	<b>\$855</b>	<b>1</b>	<b>\$992</b>	<b>1</b>	<b>\$1,245</b>	<b>1</b>
HAMPTON	\$593	35	\$664	44	\$780	44	\$889	44
HORRY	\$629	29	\$700	37	\$820	40	\$951	38
JASPER	\$580	41	\$649	46	\$762	46	\$872	46
KERSHAW	\$596	32	\$708	28	\$865	21	\$976	27
<b>LANCASTER</b>	<b>\$731</b>	<b>5</b>	<b>\$792</b>	<b>7</b>	<b>\$922</b>	<b>7</b>	<b>\$1,133</b>	<b>5</b>
<b>LAURENS</b>	<b>\$639</b>	<b>26</b>	<b>\$705</b>	<b>33</b>	<b>\$825</b>	<b>37</b>	<b>\$974</b>	<b>29</b>
LEE	\$655	20	\$727	22	\$851	27	\$994	21
LEXINGTON	\$596	34	\$708	29	\$853	24	\$974	28
MARION	\$678	14	\$754	15	\$884	16	\$1,024	15
MARLBORO	\$655	20	\$727	24	\$851	28	\$994	21
<b>MCCORMICK</b>	<b>\$783</b>	<b>2</b>	<b>\$840</b>	<b>2</b>	<b>\$974</b>	<b>2</b>	<b>\$1,229</b>	<b>2</b>
NEWBERRY	\$590	37	\$701	35	\$839	32	\$965	32
<b>OCONEE</b>	<b>\$698</b>	<b>11</b>	<b>\$778</b>	<b>9</b>	<b>\$911</b>	<b>10</b>	<b>\$1,055</b>	<b>11</b>
ORANGEBURG	\$570	45	\$682	40	\$816	42	\$925	43
PICKENS	\$686	13	\$763	13	\$893	15	\$1,038	13
RICHLAND	\$607	31	\$721	26	\$882	18	\$992	25
<b>SALUDA</b>	<b>\$760</b>	<b>3</b>	<b>\$811</b>	<b>3</b>	<b>\$940</b>	<b>5</b>	<b>\$1,197</b>	<b>3</b>
SPARTANBURG	\$569	46	\$675	43	\$807	43	\$934	40
SUMTER	\$625	30	\$748	17	\$921	9	\$1,014	18
UNION	\$631	28	\$701	36	\$820	39	\$954	34
WILLIAMSBURG	\$688	12	\$767	12	\$898	13	\$1,038	12
<b>YORK</b>	<b>\$718</b>	<b>9</b>	<b>\$777</b>	<b>10</b>	<b>\$904</b>	<b>12</b>	<b>\$1,117</b>	<b>7</b>

Upper Savannah region counties in orange. Other top ten most expensive outside of Upper Savannah in greer

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<sup>i</sup> U.S. Centers for Medicare and Medicaid Services, Data.Healthcare.gov: QHP Individual Medical Landscape.

<sup>ii</sup> Reed Abelson, Katie Thomas, and Jo Craven McGinty, "Health Care Law Fails to Lower Prices for Rural Areas," *The New York Times*, October 23, 2013.

<sup>iii</sup> Sally Pipes, "It's not just Healthcare.gov: Obamacare Has a Serious Age Discrimination Problem," *Forbes*, December 9, 2013.