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President Barack Obama's ambitious goal that all Americans have access to health care will take a huge step forward this fall with the opening of federal and state insurance exchanges.

But it is too soon to tell whether these bold creations of the Affordable Care Act will actually bring "affordable" care to consumers. Some observers say that escalating health care costs will still find ways to tap and drain the bank accounts of small businesses, individuals and families.

With less than seven months until health insurance exchanges begin open enrollment in Missouri and other states, regulators are scrambling to implement the new law's most sweeping — and most expensive — changes.

Health exchanges are a key part of the president's plan to make health insurance coverage available to tens of millions of Americans who are currently uninsured. And his overhaul of the U.S. health care system also is certain to impact the lives and checkbooks of many Americans who already have health insurance.

Among the 2,500-page law's myriad provisions, individuals with pre-existing conditions who have been unable to purchase health insurance no longer will be excluded for chronic illness or a history of medical claims. Insurers won't be able to drop coverage when someone gets sick. Plans will have to offer more generous benefits, such as capping out-of-pocket expenses and providing free preventive care.

Premiums for older consumers cannot be more than three times the cost for younger

law, which was all about expanding coverage," said Sarah Dash, a project director at Georgetown University's Center on Health Insurance Reforms. "But I think success is going to be in the eye of the beholder, and the success of it will play out over a few years. ... From a consumer's perspective, what matters most: Did people get coverage? Is the coverage affordable to them? And does it ultimately connect people to the care they need?"

Government subsidies in the form of tax credits will help lessen the impact of more costly premiums on low-income Americans, but the incomes of many households will be too high to qualify for subsidies. This will be even more of a problem in states like Missouri that refuse to expand Medicaid, leaving many working poor unable to qualify for help.

New policy rates have not yet been made public, but there will surely be winners and losers as insurance companies redistribute the costs of these benefits as well as begin paying a new tax on health coverage. And pricing for many Americans could run even higher if many of the young and healthy decide to "opt out" of the law's individual mandate — choosing to pay fines rather than buy costly insurance.

Federal officials are forecasting that an expanded and highly competitive individual and small group health insurance market will help slow the growth of health care spending in the long run. Yet fewer consumers will take advantage of the new market if insurance prices are high at the start.

"You need broad participation from the young and healthy as well as everyone else to make health insurance affordable and for the health exchanges to work," said Robert Zirkelbach, a spokesman for America's Health Insurance Plans, a Washington-based trade group whose members include major insurers. "The million-dollar question is whether there will be enough participation."

Even given the best scenario for full-fledged participation on the health exchanges,

Internet-based health insurance exchanges. These virtual marketplaces are slated to begin operating on Oct. 1 — offering an "open enrollment" period before the start of 2014.

In this restructured market, consumers will be able to make informed choices from clearly defined policies with no fine print — using the exchanges to compare certified health plans with four different levels of coverage (certified as Bronze, Silver, Gold and Platinum), based on price and quality.

Individuals and families buying health insurance will be guaranteed coverage for pre-existing conditions, and the cost cannot vary based on a person's gender and medical history. But smokers can be charged more for individual insurance policies because of their heightened risk of cancer and other chronic diseases.

The plans also must include "essential benefits" such as hospital, emergency and maternity care, prescription drugs and mental health coverage, as well as certain preventive services such as mammograms and colonoscopies, without cost-sharing. There are prohibitions on lifetime and annual limits on coverage.

For small businesses, the exchange is a way to pool employees from many firms in the same geographic area to give them a better choice of plans and insurers at a lower cost.

Similarly, the health exchanges will place individuals in larger pools to increase their buying power and give them new choices of private insurance plans that have to compete for their business based on cost and quality. That could help, for example, lower rates for some adults who have not yet turned 65 and enrolled in Medicare.

Eighteen states and the District of Columbia are establishing their own insurance exchanges; seven states are creating exchanges in partnership with the federal government; and 25 states plan to rely on exchanges run by federal officials.

Missouri has no plans so far to open an exchange, so state residents will be able to

In a report last month, the Congressional Budget Office estimated that 7 million people nationwide, including self-employed individuals and those who do not currently receive health insurance through work, will obtain coverage in 2014 through the exchanges. The budget office estimates that number will rise to 13 million people in 2015, and 24 million in 2016 as "individual mandate" penalties rise.

But according to health industry observers, several factors could drive up health insurance costs and decrease participation in the exchanges:

- A new federal tax on health insurance beginning next year will add to the cost of coverage for individuals, families and small employers.
- Federal tax credits may be insufficient for many small employers, individuals and families to purchase health insurance on the exchanges.
- The law's new "age rating" restrictions will make health insurance more costly for young adults than in previous years. And many healthy young adults in their late 20s and 30s might choose to ignore the law's "individual mandate" that anyone without insurance must purchase it.
- New rules for health plans such as free preventive care may cause some small business owners to drop out of the market, deciding it's too expensive to offer health insurance to employees, even with the aid of subsidies. Firms with fewer than 50 employees are encouraged yet not required by the law to offer insurance.
- Next year, insurance carriers will begin paying a new federal tax on health coverage. Critics say it will cost $8 billion in 2014 and be largely passed through to consumers and employers in the form of higher premiums. In the next 10 years, this tax — whose funds will help pay for implementation of the Affordable Care Act — will total $100 billion.

"An average family of four is going to pay $300 more for health insurance next year because of the tax alone," Zirkelbach said. "And the benefit package is going to be more comprehensive but more expensive than what many people have today. The impact that it will have on a person's premium will depend on the type and the

income rises.

Under the law's age rating rules, an older individual can be charged only three times as much as a young adult for the same health insurance policy. Currently, older people are often charged five times the cost of younger adults, or more.

"The young are going to have significant rate increases, but older people may receive reductions. The concept is to level the playing field," said Paul Flotken, managing partner at St. Louis-based Caravus, a group health benefit consulting firm.

Many individuals, especially younger and healthier adults, may be tempted to take a "free ride" — forgo buying insurance and pay a federal penalty, rather than purchase a policy whose higher cost is designed to offset the medical bills of older patients. If they are injured or become ill, a free rider can purchase a new insurance policy.

"Young adults may simply decide not to buy coverage at all, particularly if they don't need it," Zirkelbach said. "And if they choose not to buy coverage, that's going to drive up costs for everyone else."

In most cases, penalties for violating the "individual mandate" are likely to be far below the cost of purchasing insurance. In 2014, those persons without health insurance will face an IRS penalty of either $95 or 1 percent of household income over the filing threshold, whichever is greater. The penalty increases in 2015 to $325 per uninsured person or 2 percent of income. In 2016 and beyond, the penalty will be $695 per uninsured person or 2.5 percent of income.

PREPARING FOR STICKER SHOCK

Millions of consumers and small businesses are likely to face higher costs for new health insurance policies in 2014, regardless of whether those policies are bought on the exchanges or the traditional marketplace, according to insurance industry

“Premiums for younger, healthier individuals could increase by more than 40 percent,” the authors wrote.

Insurance carriers “are talking about significant rate increases for 2014,” Caravus’ Flotken said. “It’s not a situation where they’re going to gouge people, but they’re expecting claims to go up significantly next year. It will vary greatly, depending on the size of the group and demographic composition.”

A small firm with a history of costly premiums due to high medical expenses, he added, could actually see the cost of its premiums decline in 2014 when the firm is placed in a larger pool with other small businesses.

Yet that’s likely to be an exception.

“A lot of the smaller employers are preparing for sticker shock. We feel it’s going to be a huge blow to small employers,” said Doug Simms, an independent health insurance broker with offices in Crestwood. “We think the rates are going to skyrocket.”

Robin Gladwill, a regional manager for Nurses to Go, which is based in Town and Country, has been advised by her broker that the cost of health coverage for her 110 full-time employees could increase by 20 percent to 30 percent this year.

“How can I make the decision to grow the number of employees when I’m continuing to look at the mandated health insurance demands?” she said.

Still, the CBO has estimated that premiums on the individual health insurance market in 2016 will cost 14 percent to 20 percent less than they would have cost had the Affordable Care Act not been enacted.

Georgetown’s Dash said the level of participation in the exchanges will depend on “a multiplicity of factors,” including pricing and an exchange’s “user interface” — or how easy it is for consumers to navigate the Web portal or phone center to purchase