

Many states say 'no' to health insurance exchanges

December 18 2012, by Karen Pallarito, Healthday Reporter



Obama administration must now take lead in running online marketplaces for affordable coverage.

(HealthDay)—Half of the states in the nation have rebuffed a key provision of the Obama administration's health reform law: the creation of state-based health insurance exchanges, according to data compiled by the Henry J. Kaiser Family Foundation.

States had until Friday, Dec. 14, to submit blueprints for creating their state-based insurance exchanges.

By default, the federal government will implement [health insurance](#) exchanges in the 25 states that are not moving forward, helping the uninsured gain coverage. Another seven states, according to the Kaiser Foundation's count, will operate exchanges in federal-state partnerships. These arrangements will allow states to share the administrative burden of exchange implementation with the federal government.

"I'm sure it's a disappointment because the overall hope and plan from the beginning was to have as many states as possible to go ahead and implement their own exchanges," said Frank McArdle, an independent health policy and benefits consultant in Bethesda, Md.

On Monday, U.S. Health and Human Services Secretary [Kathleen Sebelius](#) said in a blog posting that the federal government had received 10 state applications to run an exchange. Last week, the federal government granted conditional approval of insurance exchanges in another eight states and the District of Columbia, where significant progress has been made in setting up those health insurance marketplaces. In all, 18 states and the District of Columbia intend to run their own exchanges.

"We're looking forward to Jan. 1, 2014, when consumers and small businesses will be enrolled through the exchanges in [private health insurance](#) plans and millions more Americans will have the coverage they need and deserve," Sebelius wrote.

State-based health insurance exchanges are a key element of the [Patient Protection](#) and Affordable Care Act, the controversial health reform legislation championed by President [Barack Obama](#). Each exchange will operate a website where uninsured residents of the state and small employers can compare various health-plan options offered by insurance companies, much in the same way that consumers shop online for hotel rooms and airplane tickets that suit them best.

The [health reform](#) law is designed to help some 30 million uninsured Americans by expanding Medicaid, the publicly run program that helps the poor obtain medical care; creating subsidies for lower-income people to buy private coverage; and establishing the state exchanges.

With enrollment for the exchanges set to begin Oct. 1, 2013, the Obama

administration and its contractors face the mammoth task of building a federal exchange that can be rolled out in states that have no insurance exchange and creating a central data hub where states can verify a person's eligibility for tax credits, premium subsidies and other health programs, such as Medicaid and the Children's Health Insurance Program.

Dr. Daniel Derksen, chair of public health policy and management at the University of Arizona in Tucson and former director of the New Mexico Office of Health Care Reform, expects the federal government to "work hard" to get those systems in place but anticipates "hitches" along the way.

"I think it would be irresponsible to say a switch is going to be flipped and come January 1st [2014] this thing will work perfectly. There's just a lot of moving pieces with this thing," noted Derksen, who led efforts to build New Mexico's health insurance exchange.

Many GOP governors not setting up state-run exchanges

Although the Affordable Care Act, derided as ObamaCare by its critics, became law in March 2010, many opponents at the state level dragged their heels on exchange activities pending the U.S. Supreme Court's decision last June on the law's constitutionality and the outcome of the November presidential election. Some states nixed the exchanges, citing anticipated costs, lack of federal guidance and outright opposition to the law.

Responding to a request from Republican governors, Sebelius last month extended the deadline for submitting a letter of intent and application to operate an exchange to Dec. 14. States falling behind on exchange-

building activities can still request help. The deadline to apply to operate an exchange in partnership with the federal government is Feb. 15, 2013.

For the most part, states with Republican governors opted to default to a federal exchange. Just five Republican-led states will run their own exchanges, and two will partner with the [federal government](#).

"The great irony of this whole thing is you have the majority of the Republican governors really allowing the federal takeover of health care when they could choose to have a state exchange," Derksen said.

But will people care whether their state is the face behind the exchange?

"From a consumer perspective, whether you have a state-run exchange or a federal exchange doesn't make a huge difference," said Caroline Pearson, a director at Avalere Health LLC, a Washington, D.C.-based consulting firm. In either case, she noted, people will get coverage.

Where it begins to matter is in the details, Pearson explained. States can customize health plan options to accommodate the particular needs of their residents, she said. And because Medicaid eligibility rules are state-specific, [states](#) may be able to do a better job of helping lower income people who apply through the exchange to coordinate coverage with the state Medicaid program, she added.

Avalere Health predicts that roughly two-thirds of the 8.2 million people expected to buy coverage through the exchanges in 2014 will do so through a federally administered or partnership exchange.

"Consumers also need to watch the debate over the fiscal cliff," McArdle cautioned. To offset scheduled tax increases and spending cuts slated to take effect in the new year, Congress could reduce health insurance subsidies under the Affordable Care Act, making health

coverage less affordable.

"If the fiscal cliff and deficit reduction negotiations were to result in a reduction in federal subsidies available under the ACA [[Affordable Care Act](#)] starting in 2014, that could make coverage in the health insurance exchanges less affordable for some people," he said.

More information: Visit the Henry J. Kaiser Family Foundation's state health facts web page for details on state participation in [health insurance exchanges](#).

Copyright © 2012 [HealthDay](#). All rights reserved.

Citation: Many states say 'no' to health insurance exchanges (2012, December 18) retrieved 4 May 2024 from https://medicalxpress.com/news/2012-12-states-health-exchanges_1.html

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--