

# U.S. gives states more time to set up health insurance exchanges

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The online marketplaces to purchase coverage are key element of the 2010 health reform law.

(HealthDay)—The Obama administration is giving states additional time to set up so-called health insurance exchanges, a key element of the 2010 health reform law designed to bring coverage to an estimated 30 million Americans who don't have insurance.

Under the law, states were supposed to notify the U.S. Department of Health and Human Services by Jan. 1 whether they were planning to establish the online marketplaces.

But Health and Human Services Secretary [Kathleen Sebelius](#) said Monday that she would extend the deadline for any states that expressed interest in creating their own exchanges or overseeing insurance sold

through a federal exchange, *The New York Times* reported.

The state-based insurance exchanges are a crucial component of the [Patient Protection](#) and [Affordable Care](#) Act, the controversial health reform legislation championed by President [Barack Obama](#). Each exchange would 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.

By late last month, just 18 states and the District of Columbia had said they intended to run their own exchanges, Sebelius said.

In states that choose not to set up an exchange, the federal government will implement health insurance exchanges, helping the uninsured gain coverage.

"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 in a blog posting.

The [health reform](#) law is designed to aid 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 huge challenge 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.

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.

For the most part, [states](#) with Republican governors opted to default to a federal exchange.

"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," 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, told *HealthDay*.

But will people notice whether their state or the federal government 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.

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.

**More information:** Visit the Henry J. Kaiser Family Foundation's

state health facts web page for details on state participation in [health insurance exchanges](#).

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