

States on edge about the future of health insurance markets

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In this Dec. 11, 2014 file photo, John Phillips works at his auto repair shop in Decatur, Ill. Phillips is quick to say he's not a fan of President Barack Obama's health care law, but says he's worried about the outcome of a U.S. Supreme Court case challenging the law's subsidies in roughly three dozen states, including Illinois. After mixed signals from the Supreme Court, states may have to take over quickly to prevent millions from potentially losing their coverage. (AP Photo/Seth Perlman, File)

Mixed signals from the Supreme Court have states on edge about the

future of health insurance subsidies for millions of Americans. And a summer decision from the justices leaves little time for backup planning.

Many governors, especially Republicans, want the federal government to craft a contingency plan and at least one governor—in Pennsylvania—is pursuing a state exchange, which would make sure his state was able to receive the subsidy.

During oral arguments Wednesday, the justices appeared divided in the latest challenge to President Barack Obama's law. Opponents of the law argued that only residents in about a dozen states that set up their own insurance markets can get federal subsidies to help pay their premiums. The administration says the law provides for subsidies in all 50 states.

The case sets up an intriguing political backdrop for states like Florida and Texas, both led by Republican governors staunchly opposed to the law. The states now find themselves with the most at stake with large numbers enrollees who could take their anger to the ballot box if they lose coverage.

Florida has more people on the health care plan than any other state and most of the 1.6 million people receive the subsidy, along with many of Texas' 1.2 million enrollees.

Austin, Texas, resident Donna Allen, a part-time community college student who also runs a house cleaning service, worries what will happen if she loses the her \$400 monthly tax credit. She pays \$85 for [health insurance](#) she bought on the federal exchange.

"We just don't make the money rich people do, so what am I supposed to do, die? Disappear?" Allen said.

Florida Gov. Rick Scott echoed the sentiments of many Republican

governors when he said Wednesday that the White House should outline what actions it would take under any outcome in the court case. He and Texas Gov. Greg Abbott have not said what steps they would take if the burden fell back to the states.

"In the absence of leadership from the president, the new Republican-led Congress should quickly propose solutions to undo the federal exchange monopoly," Scott said in a statement.

The "let the federal government figure it out" attitude may not serve Republicans well politically on the eve of a presidential election year if the court rules against the subsidies.



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Court case challenging the law's subsidies in roughly three dozen states, including Illinois. After mixed signals from the Supreme Court, states may have to take over quickly to prevent millions from potentially losing their coverage. (AP Photo/Seth Perlman, File)

"As far as I'm aware the governor doesn't have a contingency plan and that's really not surprising considering Republicans have really had their head in the sand on this issue for so long. People are dying as a result of our inaction," said Florida Democratic minority leader Rep. Mark Pafford.

Several states, including Tennessee and Missouri, are proposing laws that would ban or eliminate state exchanges.

North Carolina's Republican-led Legislature passed a law forbidding agencies from putting any resources toward a state exchange, but Attorney General Roy Cooper, a Democrat mounting a gubernatorial campaign, joined with 21 other states and the District of Columbia asking the Supreme Court to uphold the subsidies on the federal exchange.

They argue that state leaders chose not to establish their own exchange based on the understanding that using the federal marketplace wouldn't penalize their citizens. More than half a million people in North Carolina bought plans on healthcare.gov.

Auto repair shop owner John Phillips of Decatur, Illinois, is not a fan of the health law, but worries about the outcome of the case. He and his wife, a preschool teacher, rely on a \$400 monthly subsidy to pay for the Blue Cross Blue Shield insurance they bought on healthcare.gov. They pay \$249 a month.

"If the subsidy goes away and rates stay where they're at, I will not be able to afford health insurance, at least not anything decent," Phillips said.

Some states that are successfully running an exchange have talked about opening their marketplace to neighboring states, although it's unclear such partnerships were permitted under the new law.

Nevada Gov. Brian Sandoval, a Republican, signaled he's open to working with Utah and other neighboring states. Colorado Gov. Hickenlooper said he talked with at least one other governor about creating a regional exchange.

California runs the nation's largest exchange, with roughly 1.4 million enrollees, but Gov. Jerry Brown's spokesman, Jim Evans, said it's too early to comment on opening enrollment to neighboring states.

Pennsylvania's newly elected Democratic Gov. Tom Wolf is working with the federal government to set up a state-based insurance exchange, but GOP-controlled state Legislature would need to approve any funding.

Wisconsin Gov. Scott Walker has said it would be up to the federal government to deal with the fallout. A Texas Democrat has filed two bills that would create a state exchange, but the chances of those passing look grim.

The Obama administration has said they've taken no steps in preparation for defeat. But Congress might feel pressured to act if millions lose insurance in big Republican-led states like Florida and Texas.

North Carolina Gov. Pat McCrory said it's not easy to set up an exchange. The [federal government](#) and the states that chose to run their

own exchange spent hundreds of millions of dollars and a few years choosing vendors, setting up call centers and testing the website and still had well publicized hiccups.

"The concept of moving just to a state exchange is much more complex than just saying move to it the next day," McCrory said. "Even if it works, there are [states](#) where it's been a total disaster."

In Florida, Theresa Patrick and her husband bought health insurance for their 32-year-old son shortly after he suffered a stroke in January and was hospitalized for several days.

Jesse Patrick, who works as a pet store cashier, hasn't had insurance since he was 18. The Patricks pay \$38 a month and the government kicks in \$255.

"After the stroke there was no way he could not have health insurance. That was just not an option," said Patrick. "If we had to pay \$255 above and beyond what we already help him with, I don't know how, I don't know."

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