

Hospital group says Illinois could lease Healthcare.gov

June 15 2015, by Carla K. Johnson

A hospital group in cash-strapped Illinois says the state might be able to set up a health insurance exchange at a lower cost by "leasing" the federal government's technology, an option that could appeal to as many as 34 states where subsidies could be jeopardized by an unfavorable U.S. Supreme Court decision.

In a memo written for Gov. Bruce Rauner and state lawmakers and released to The Associated Press, the Illinois Hospital Association says it anticipates the federal government "will be developing a leasing fee" for states to use HealthCare.gov as the backbone for their own insurance exchanges. It also lists an alternate possibility of renting an exchange system from another state that has its own, such as Connecticut or Kentucky.

President Barack Obama has said there is no backup plan if the Supreme Court strips [federal subsidies](#) from the law in Illinois and the 33 other states that haven't created their own exchanges. The administration didn't respond Monday to the AP's requests for comment on the possibility of leasing HealthCare.gov.

"We do believe that the administration is quietly discussing a healthcare.gov lease option with the states and that it will roll out more specific guidelines in the event that the Supreme Court strikes down the subsidies," said Caroline Pearson, who follows the health law for the market analysis firm Avalere Health.

The four-page Illinois memo is the clearest plan yet for how the state could create a state-based exchange quickly should the justices rule that only people living in states with their own exchanges can get federal financial help.

"We as an association are ready to work with the legislative leaders and certainly the administration," said Illinois Hospital Association President and CEO Maryjane Wurth. "We hope we have the governor's support to figure this out."

Rauner, a Republican who took office in January, hasn't discussed what his approach would be if the Supreme Court rules against subsidies. "The governor's office will take appropriate action depending on how the Supreme Court rules," said Rauner spokeswoman Catherine Kelly.

The Supreme Court ruling is expected later this month, and the subsidies could end later in the summer unless Congress acts. Leading congressional Republicans are promising to help consumers who lose subsidies, but it's unclear Congress could pass any fix that Obama would sign.

The partisan fight over Obama's health law stalled a state exchange in Illinois. Former Illinois Gov. Pat Quinn, a Democrat, had supported a state-run insurance exchange but was never able to get enough legislative support.

At issue in the Supreme Court case are four words in the law. The challengers argue it provides subsidies only to people who get their insurance through an exchange "established by the state." The 34 states that have not established their own marketplaces instead rely on the federal HealthCare.gov system.

If the court strikes down subsidies in Illinois and the other states, more

than 230,000 Illinois residents would lose the tax credits that help them pay for coverage. In Illinois, the average monthly subsidy is \$211. On average, consumers would see their premiums increase by 169 percent if the tax credits were no longer available, according to the nonpartisan Kaiser Family Foundation.

Many Illinois residents would no longer be able to afford insurance. Rates would rise for other individuals, Wurth said. Hospitals would see fewer patients with good-paying insurance and would provide more charity care at a financial loss.

While no one knows how the Supreme Court will rule, state lawmakers might need to react quickly to keep the [subsidies](#) available. Democrats in Springfield are warring with Rauner over a budget that falls \$3 billion to \$4 billion short on revenue.

Illinois may be in a better position than some states because it's already running some aspects of its insurance exchange in partnership with the [federal government](#).

To have its own insurance exchange, Illinois would have to pass legislation to set up a way to pay for it, an annual cost that's been estimated at \$50 million to \$90 million. A 3.5 percent assessment on the group accident and health insurance industry in Illinois could generate \$55 million, the hospital association memo says.

The memo explores the possibility of Rauner using an executive order to set up the current Get Covered Illinois team as the exchange governance. But it warns such an order "would likely be open to legal challenges."

The case is King v. Burwell, docket No. 14-114.

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