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Otter takes mature path on insurance exchanges

There was a time when Butch Otter was the Statehouse contrarian who loved to rail about federal blackmail. In 1987, as a freshly elected lieutenant governor, Otter stood in for an out-of-state Gov. Cecil Andrus and seized the opportunity to take a stand. Otter famously vetoed a bill to raise the state's drinking age to 21, bristling at Uncle Sam's threat to cut Idaho's highway funding.

That was then, a quarter century ago. On Thursday, Otter discussed something that could easily be labeled federal blackmail — describing it not as an affront but as a reality that must be dealt with in a rational manner.

Otter was making his argument for a state-run health insurance exchange, a mechanism designed to help individuals and small businesses shop for coverage. It's not a new idea, he says; Idaho had been looking at establishing an exchange three years before it became a piece of the federal government's health insurance overhaul.

But now the feds have latched onto the idea, upping the ante. For Idaho, says Otter, the choice is simple: Establish a health care exchange on the feds' timetable, or risk losing \$300 million in Medicaid money.

Medicaid is, for now, a terrific investment for Idaho. For every 30 cents the state puts in, the feds pony up a 70-cent match. (Not that this generous match dissuaded Otter and the 2011 Legislature from making deep cuts in Medicaid, totaling \$108 million in state and federal dollars.) Absent a health exchange, says Otter, Idaho's match could drop to a 50-50 split.

This would jeopardize the health coverage of more than 200,000 Idahoans. This is unacceptable — and, to Otter's credit, he is prepared to make that case to lawmakers. As Otter said Thursday, at a legislative preview sponsored by The Associated Press: "I think I'm obligated to explain exactly what happens if we do nothing."

Lawmakers, unfortunately, are under no obligation to listen to reason. For the hard-liners in Otter's own party, the health exchange is just another form of governmental overreach. The fact that the state exchange would be bankrolled with \$20 million in federal grants — from the law that even Otter dismisses as "Obamacare" — only makes matters worse.

On Thursday, reporters heard a full litany of health exchange complaints from Rep. Vito Barbieri, R-Dalton Gardens. The feds' health care law is socialism, and neither the state nor the feds can afford to sustain it. By pushing the states to create health exchanges, he said, the federal government is behaving like a "drug dealer" or a "numbers runner."

There was a time when Otter would have been in Barbieri's corner and might even have resorted to the same brand of rhetoric. Now, Otter is staking out a tough fight with lawmakers — to back an idea that has support from groups as varied as AARP and the Idaho Association of Commerce and Industry, a business lobbying behemoth. Has Otter softened since 1987? Not really. On this issue, he has matured.