

Idaho Statesman, Tuesday, May 10, 2011 -- by Audrey Dutton (3 pages)

Idaho retools its plans for health insurance

Money for exchange development and ramped-up oversight of premiums has been taken off the table.

Idaho has 967 days to launch a health insurance exchange in which at least 17 percent, and up to 90 percent, of residents could be eligible to shop for health coverage. If the state misses its Jan. 1, 2014, deadline, the federal government will step in with its own version, which doesn't have to consider what Idahoans want or the particulars of Idaho's insurance market.

With this in mind, the state Department of Insurance asked for federal grants to do the groundwork. It won a one-year, \$1 million grant for the exchange and \$1 million to meet new demands for reviewing health insurers' premiums. The department expected to win \$500,000 more in fiscal 2012. The state Department of Health and Welfare also won \$14.5 million in federal grants for other purposes. But the Legislature and Gov. Butch Otter decided last month to cut monetary ties to the federal health care law, meaning what's left of those grants is off-limits to state agencies.

Q. Why did they do that?

A. The governor and legislators did not want to be complicit in a law they find overreaching and unconstitutional, and which Idaho has challenged in court. Otter called the law "a dramatic attempt to assert federal command and control over this country's health care system."

The Legislature passed a bill to block some of the law's provisions, turn away federal money and stop a state health insurance exchange. But Otter wants a state-run exchange, so he vetoed the bill and replaced it with an executive order blocking the law and the money — but keeping the exchange. He reasoned that if an exchange will happen anyway, Idaho should make sure it's done right. It is in the state's "best interest to retain control over decisions concerning public health initiatives and health care for its citizens regardless of the constitutionality" of the health care reform law, Otter wrote.

Q. Does that mean we'll miss the deadline to create an exchange?

A. Otter hopes not. States have until Jan. 1, 2013, to take care of the planning, legislation or other steps necessary to set up their exchanges. Idaho's exchange would need to be ready for an open-enrollment period in 2013 for individuals and small employers.

The Department of Insurance got \$500,000 in state money to start sketching the blueprints to make up for losing that \$2.5 million. The state had already been able to use at least \$225,000 from the two grants before they were deemed off-limits.

With a shrunken budget moving forward, the department and its partner in the exchange, the Department of Health and Welfare, are stepping back and looking at what can be rearranged to meet that deadline. "We will be scaling things back significantly," said Shad Priest, deputy director of the Insurance Department.

On the bright side, Priest said, the departments now have more freedom to revise plans as they go. That's something they couldn't do with strictly assigned federal money.

Q. What is an exchange and how would it work?

A. A health exchange is a marketplace run by the state in which people can compare, apply for and buy health insurance plans.

If other states are any indication, the insurance-buying side of Idaho's exchange will be rooted in a website but have telephone support and "navigators," who could be insurance agents or state personnel, to guide people through the process. Some Idahoans could use subsidies to buy these plans. Idaho wants to integrate Medicaid. That could allow people to find out if they qualify for, and possibly get, Medicaid coverage through the exchange.

The state-run exchange would not sell insurance. The insurance companies would still do that. However, the state could set criteria for the companies to participate in the exchange. However, the federal government has yet to spell out all the rules for insurers, insurance coverage and exchanges.

Q. How would the loss of the exchange-development money affect me?

A. That's not yet clear. In part, that's because the two Idaho agencies involved in putting together the exchange are grappling with unknowns they were hoping the federal money would help them answer:

- How many people will qualify for the exchange?
- How will it handle people popping in and out — starting the year, say, with a job and benefits, losing it in June, and starting a new one in October?
- What should be the exchange's yearly budget? Can that budget be accurate with so many uncertainties?
- What should the website be like?
- How many insurance plan choices should the exchange offer?
- How will yet-to-be-issued federal rules shape state-run exchanges?

Q. What will be scaled back?

A. One possibility is that the state will skip a planned second series of public stakeholder meetings, Priest said. The first series ended last month. In it, people who represented insurance companies, medical providers, consumers and business owners gathered to pitch ideas and voice their worries to the state's health-exchange project staff.

Also, Idaho could lean on other states for technology and other mechanics behind the exchange. States such as Oregon won federal early-innovator grants. One condition is they have to share what they learn. So Idaho could take another state's engine and chassis and build an Idaho body and interior over them.

"If we had to build everything from scratch, I can tell you, just from the IT side, you're talking millions and millions of dollars," Priest said.

Q. Will we lose work we already paid for?

A. The state already has hired three contractors to work on the exchange: two project managers and a business analyst. Officials expect to keep at least one worker with the state funds. They are hopeful about the other two,

who are mostly working on Health and Welfare's preparations — things like figuring out how to integrate Medicaid and whether to tweak the department's staffing.

“Part of our dilemma is working with the Legislature and governor to see if we can keep these positions funded,” said Tom Shanahan, spokesman for Health and Welfare.

The Department of Insurance hasn't started anything it can't finish at this point, Priest said. It's the groundwork the department planned to do that is in question.

The \$500,000 is “enough money to figure out what would work for Idaho, what we can do and what that would cost, and then it's up to the policymakers,” he said.

Q. What about the \$1 million for insurance-rate oversight?

A. That grant was to help the state get more aggressive about controlling insurance costs. Right now, insurers don't have to get state approval for rate increases. They just have to file those increases with the Department of Insurance and comply with laws that put a soft cap on those increases.

The department reviews these changes as they come in. It reviews them if there are complaints. For example, it checks if an insurer is raising rates in a way that discriminates against one group, or if it raises rates in violation of its own manual. There is no on-staff actuary for the department, so the more intensive reviews get done by a paid contractor.

The shaved-down budget means the department will hold off on some plans, such as training staff to do more comprehensive monitoring, Priest said.

Q. What about the Health and Welfare money?

A. By late April, the Department of Health and Welfare had secured the \$14.5 million, with spending to be spread out over five years. Otter's order bars the agency from using that money unless it can justify a waiver from the governor. Health and Welfare might ask for waivers, Shanahan said.

The Health and Welfare grants include:

- \$3.9 million for a mother-and-child home visiting program.
- \$1.4 million for teen pregnancy prevention.
- \$6.5 million to move about 325 elderly and disabled people out of institutional care and into home and community services.
- \$1.4 million to improve labs.