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Health director Armstrong says exchange could increase Medicaid enrollment by 100,000

A new health insurance program could mean that 100,000 more Idahoans would end up with government-paid health coverage. That was the sentiment Idaho Department of Health and Welfare Director Dick Armstrong shared with members of the House Health and Welfare Committee at a special meeting in the Capitol Thursday.

The meeting, called by committee chair Janice McGeachin, R-Idaho Falls, was intended to study and discuss the creation of a state-based health exchange program, a government-run insurance market system. Exchanges are a major part of the Patient Protection and Affordable Care Act passed by Congress in March of 2010.

Armstrong told committee members that the online portal created by the exchange would integrate private and government health insurance options and that low income Idahoans would be directed to taxpayer-funded coverage plans. According to department forecasts, the exchange would likely bring 100,000 new participants.

More than 233,000 Idahoans, or about 15 percent of the Gem State population, are already on Medicaid. If, in fact, 100,000 people do join Idaho's Medicaid system in 2014, more than 22 percent of the population would be on the program.

The new participants would have a mixed impact on the state's health spending. New enrollees would initially be completely covered by the federal government, but that support slides through a five-year period. The support drops to 96 percent in fiscal year 2016, 94 percent in 2018, 93 percent in 2019, and 90 percent in 2020 and beyond.

Armstrong said that changes at the federal level could mean federal support rates drop even lower than expected. "If we're going to see a balancing of the national budget, we could see a reduction in the FMAP (the federal support)," said Armstrong. Idaho lawmakers were forced to increase state Medicaid spending by \$137 million this year because the federal matching rate dropped 7 percentage points.

But the situation will likely be more complex than that, however. Armstrong said that some new participants will likely have children who will be regarded as previously-eligible. Anyone in that category will be covered by the traditional funding split, meaning that Idaho will cover 30 percent of costs and the federal government will cover the rest. That provision, Armstrong warned, could mean legislators will have to appropriate an extra \$17 million in health spending in 2015.

Lawmakers aren't thrilled with the prospect of having more residents on the health welfare program. House Majority Caucus Chair Ken Roberts, R-Donnelly, said more people on Medicaid could mean higher taxes. "It's great to have health care for everyone, but you figure out how much it's going to cost and who is going to pay for it," Roberts explained. "All of these programs are nice, but figure out how we are going to pay for them."

Rep. Steve Thayn, R-Emmett, said he thinks it would be "disastrous" for the state to bring so many new participants to Medicaid, particularly because it could force lawmakers to cut state support for public schools.

“You have a choice between controlling entitlement costs ... and funding public education,” Thayne remarked. “If we go down this road, we won’t be able to appropriately fund public education.”

One speaker, Edmund Haislmaier from the Heritage Foundation, a Washington, D.C.-based conservative think tank, delivered remarks critical of the exchange program. Haislmaier, in the area because of another meeting in Utah, told committee members that the exchanges in health reforms aren’t the ones originally advanced by his group, but instead a vehicle to get more people on health welfare programs. “This is a welfare income-transfer bill,” he said.

Haislmaier warned that lawmakers have a tough task ahead of them should they choose to implement an Idaho exchange. “It is going to be incredibly difficult to implement this,” he said, pointing to the myriad of regulations handed down by the U.S. Department of Health and Human Services since the initial passage of reforms. “Mind-numbing doesn’t do this justice.”

Moving forward, Haislmaier said, the state should be careful about complying with regulations and taking federal money. “There are too many strings attached to that,” he said.

The meeting came less than 10 days after Gov. Butch Otter [announced his plan to apply for \\$30.9 million in federal money](#) for exchange research and upfront implementation costs. Otter explained the move by saying he wants Idaho to have the option to create its own exchange and not have a federally-run system forced upon the Gem State. He also noted Idaho could pull out of exchange creation and return the money in the future.